A CORPWATCH INVESTIGATIVE REPORT BY FARIBA NAWA

AFGHANISTAN, INC.

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Rotten ceiling in the new Qalai Qazi clinic. Photo by Fariba Nawa

DECONSTRUCTING THE RECONSTRUCTION

Near Kabul City in the village of Qalai Qazi, Afghanistan, stands a new, bright-yellow health clinic built by American contractor The Louis Berger Group. The clinic was meant to function as a sterling example of American engineering, and to serve as a model for 81 clinics Berger was hired to build—in addition to roads, dams, schools and other infrastructure—in exchange for the $665 million in American aid money the company has so far received in federal contracts.[1]

The problem is, this "model" clinic was falling apart: The ceiling had rotted away in patches; the plumbing, when it worked, leaked and shuddered; the chimney, made of flimsy metal, threatened to set the roof on fire; the sinks had no running water; and the place smelled of sewage.[2]

But Afghanistan, bombed into submission by the world's superpowers and brought low by civil wars over the past two decades is desperate for infrastructure. It is desperate for health clinics, schools, and roads. The people here take what they can get, because they have little choice.

A sign in front celebrates the organizations involved in funding and building the clinic under the authority of the Afghan Ministry of Health. But initially the ministry's own engineers would not clear the clinic for use because of its glaring structural flaws. Mirwais Habibi, the health facility's adviser to the ministry, detailed his concerns in a report: "The plumbing system in the building from what could be observed visually meets no standard norms or plumbing code. Another design issue that begs attention is the fume chimney pipe, which is provided for heating stoves. The fume pipe is made of light gauge metal that can deteriorate in time and may cause fire in the wooden roof."[3]

But the clinic was opened anyway. Berger disagreed with Habibi's assessment and said he was not a qualified engineer capable of inspecting the clinic. Berger's contract requires it to build structures that meet American construction and seismic codes, but there is no reliable system in place for assuring that the standards are met. Since 2003, doctors at the Qalai Qazi clinic have treated about 100 patients a day, according to Mohammed Saber, the clinic's around-the-clock guard.

I visited the clinic one afternoon in October 2005. It was Ramadan, and the clinic closed early each day. When I arrived, the doctors had left for the day. An old woman swept the floors and they gleamed. But like so many new structures

here, the window dressing can't hide the ugly reality that wafts from bathroom drains and leaks from decayed ceilings. Even the staff kitchen had no running water.

"It's better than nothing," Saber said.[4]

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Fred Chace, deputy operations manager for Berger in Afghanistan, insists that in general, if Berger skimps anywhere, it's only on cosmetics, like moldings, and not on functional aspects of the construction. But even Chace admits the problems with *this* clinic are more than cosmetic. He said in an interview in Kabul that the clinic suffered from "defective workmanship," but blamed the subcontractor.[5] *The Washington Post* discovered an internal Berger inspection report four months after Habibi's report that noted "the clinic needed new eaves, gutters, doors, handrails, floor tiles, drywall and a ceiling."[6] Berger said the subcontractor responded to the complaints as constructive criticism, because the work in Afghanistan is, for them, a "learn-while-doing exercise." Berger said the problems were fixed by the subcontractor in November 2005 and it had asked its donor, the United States Agency for International Development (USAID), in February 2006 for final turnover to the Afghan government.[7]

But the Qalai Qazi clinic is no aberration. Another Berger clinic was inexplicably planned in the remote, sparsely populated province of Badakhshan in a location surrounded by mountains and accessible in winter only by helicopter. That clinic was built on earthquake-prone land. "It's susceptible to landslides and the land has a crack in it already," said the health director of the province, Abdul Momin Jalali in a December 2005 telephone interview.[8] Now it will be demolished and rebuilt elsewhere. The clinic was supposed to be completed in 2004. Two other clinics promised for the area have also been delayed.

THE THIN VEIL OF SUCCESS

The Bush Administration touts the reconstruction effort in Afghanistan as a success story. Perhaps, in comparison to the violence-plagued efforts in Iraq and the incompetence-riddled efforts on the American Gulf Coast, everything is relative.

From 2002 to 2005, USAID budgeted more than $3.5 billion for Afghanistan in the following sectors: democracy and governance, infrastructure, agriculture, training for alternative careers to replace the traditional poppy cultivation, economic growth, education, health, and finding work for disarmed militias. In an accounting its results, USAID boasts that:

- 7.4 million Afghans now have access to improved health care;
- The highway between Kabul and Kandahar is complete (and paved with asphalt), which has reduced travel time from 13 hours to just five;
- 100,000 teachers have been trained;
- 50 million textbooks have been printed;
- Five million children are in school—up from 900,000 in 2001;[10]

WHAT IS THE LOUIS BERGER GROUP?

The Louis Berger Group is a privately held engineering consulting company based in New Jersey. Since its founding in the 1950s, it has built roads across the United States and around the world, including major highway projects in Burma, Nigeria, the Balkans, and the Amazon. It has consulted on pipeline projects in Kazakhstan, devised social and economic rehabilitation plans in Iran, Cambodia, and Nicaragua, and taught Muslim rebels in the Philippines the farming trade. The company brings in about $500 million in annual revenue, and employs 4,000 people worldwide. As of 2002, The Berger Group had almost 100 federal contracts worth over $143 million. It's contracts in Afghanistan since then amount to another $665 million.

The Berger Group is smaller than most of the major contractors awarded contracts, but its connections to Washington are powerful. According to the Center for Public Integrity, "Chairman Derish M. Wolff was appointed to the State Department's Industry Advisory Panel in December 2001. He was also a member of the 1986 Presidential Trade Delegation to Japan and has been a member since 1987 of the Bretton Woods Committee," an organization dedicated to furthering the goals of economic globalization.[9]

But there are other numbers that show a darker side:

- An Afghan woman dies in childbirth every 30 minutes;
- Only 1 in 20 babies is delivered by a trained attendant;
- 20 percent of Afghan children will die before age 5;
- Schools are being burned in the south of the country and teachers beheaded in front of their students;
- Women's literacy rate is 19 percent;
- Corrupt commanders (warlords) have solidified control over their territories;
- Unemployment in the capital is 30 percent;
- 3.5 million from a population of about 25 million Afghans are hungry and reliant on food rations.[11]

Few expected the international community to fix all these problems in five years, but taxpayers do expect their aid money to be spent responsibly. Millions of dollars of international aid money has been mismanaged, misused, and wasted. It's partly down to a flawed system that fails to coordinate between the Afghan government and the donors, a lack of leadership, and the widespread local corruption and violence that hinder the reconstruction effort. Many development experts find the process by which aid contracts and loans are awarded to be counterproductive. International and national aid agencies—including the World Bank, the International Monetary Fund (IMF) and USAID—that distribute aid money to developing countries have, in effect, designed a system that is efficient in funneling money back to the wealthy donor countries, without providing sustainable development in poor states.

The United States' own inventories have acknowledged that efforts so far have fallen short of nearly every goal. The Government Accountability Office report presented to Congress in 2005 states that, although improvements to basic infrastructure have been made in Afghanistan, security and other obstacles have held back many of the reconstruction goals that USAID set forth four years ago, under which it doles out and oversees billions of dollars in reconstruction and aid contracts. The Afghanistan Freedom Support Act of 2002 was Congress' attempt "to create national security institutions, provide humanitarian and reconstruction assistance, and reinforce the primacy of the central government over Afghanistan's provinces."[12] But four years later, after the American-led invasion ousted the Taliban and the Western-backed Karzai government took control, security has only gotten worse. More than 1,500 people were killed in the escalating violence in 2005 alone, the largest number in a single year since the fall of the Taliban. The institutions developed to deal with security, such as the Afghan National Army and police, are teetering along with few resources and little experience. Karzai's control in the provinces has improved, especially in the north, but not enough to stop local warlords from terrorizing innocent Afghans.

The Kabul City Center Mall.

But lack of security alone cannot account for the Qalai Qazi clinic's leaky roof, or the bureaucratic foul-up that led Berger to build a health clinic in an earthquake- and landslide-prone no-man's land. Those and other embarrassments can be traced to any number of other factors not accounted for in federal reports: election-year political pressure by both the Bush administration and the Karzai campaign, and a fundamentally broken contracting system that rewards corporations for mediocre work and subjects them to little or no oversight or accountability. It's lip-service given to "nation-building."

That is not to say that all of Berger's projects, or other reconstruction efforts, have not seen modest success in five years. Verifiable progress is visible in many provinces and the capital. Kabul, which still has only a few hours of electricity each day, is bustling with signs of Western-style commerce, such as the new five-star Serena Hotel which charges $250 to $1,200 a night (affordable only by visiting dignitaries, wealthy contractors, and the odd opium magnate), and the

new Kabul City Center mall with perhaps the only working elevator and escalators in the country. But for the 3.5 million people who need food aid, the idea of shopping in a glistening mall is hardly practicable. So too, the stores peddling new technological gadgets and appliances are beyond the imagination of citizens who have no reliable source of electricity.

But there are other signs of a nation awakening from years of torment and repression. Other cities are illuminated by electricity purchased from neighboring nations: In the west, the city of Herat has 24-hour electricity bought from Iran and Turkmenistan; in the north, Uzbekistan sells power to the city of Mazar. The Afghan media are openly critical of the government, and the number of radio and television stations and news publications continues to rise, producing a lively and unprecedented public discourse. The sound of drills and forklifts and the sight of laborers shoveling dirt and piling bricks look encouraging. Perhaps most importantly, Afghans are still hopeful and are working for change. But many of them are beginning to realize that the promises made by the United States and the international community are not materializing.

HOW AID MONEY IS ALLOCATED

A conference in London in early 2006 brought yet more pledges of aid money. More than 70 countries participated, and high-profile dignitaries such as British Prime Minister Tony Blair and Secretary of State Condoleezza Rice spoke to the importance of rebuilding Afghanistan. But Afghans are skeptical about how the $10.5 billion pledged will be spent.

There are dozens of agencies worldwide coordinating aid money—the problem is, none of them is coordinating with the others. Bilateral aid—that is, aid from a single nation—may come from a national government and be spent in accordance with the rules and expectations of the donor government. Multilateral aid, or aid from a coalition of donor countries around the world, may be pooled in trust funds and disbursed under the auspices of an international body such as the World Bank, the International Monetary Fund, and the United Nations Development Program (UNDP). The majority of aid pledged worldwide is placed in the Afghanistan Reconstruction Trust Fund (ARTF) and administered by the World Bank and the Afghanistan Reconstruction Group. The ARTF differs from most World Bank trust funds in that it is dedicated to funneling money directly to the Afghan government to be used according to its priorities, rather than according to the priorities of the donor nations.

THE POPPY DEVELOPERS

It's not just money from the United States or the World Bank pushing the country forward. Where the international community fails, drug kingpins are making inroads. Although the GAO has characterized Afghanistan's thriving heroin trade as one of the worst setbacks to reconstruction, drug money has financed reconstruction in many areas. Afghanistan is the largest poppy producer in the world and in 2005, the country exported about 4,1000 tons of opium.[13] In the remote province of Badakhshan, where Berger's clinic had to be demolished, a famous drug smuggler built a functioning clinic. Women in that province use the profits from their poppy farms to better their lives, whether it's buying a new outfit or a generator.[14] Few average Afghans can afford the four-story marble homes being built in the capital, but the larger poppy growers and drug traffickers often can.

But the World Bank still chafes at nations, especially the United States, that still insist on bypassing the ARTF and administering their aid money bilaterally.

Jean Mazurelle, the World Bank director in Kabul, estimates that 35 to 40 percent of all international aid sent to Afghanistan is "badly spent." He told Agence France Press, "In Afghanistan the wastage of aid is sky-high: there is real looting going on, mainly by private enterprises. It is a scandal. In 30 years of my career, I have never seen anything like it." Mazurelle said the corruption and fraud have soured Afghans' feelings toward the international community.[15]

International donors channel three quarters of funds to private projects not under government purview.[16] In effect, the World Bank. IMF, UNDP, and United States government have more control over the economy of Afghanistan than does that country's own democratically elected government. Donor nations and agencies defend this fact by insisting that they are more effective at ensuring efficiency and accountability, and that handing over billions to the Afghan government is an invitation to graft and corruption. But the facts don't seem to bear this out. The World Bank's own report questions that very logic.

In "Managing Public Finances for Development," released in December 2005, the World Bank condemned donor nations for undermining the Afghan government and wasting aid money. [17]

Alastair McKechnie, the World Bank country director for Afghanistan, said: "Experience demonstrates that channeling aid through government is more cost-effective. For example a basic package of health services contracted outside government channels can be 50 percent more expensive than the package contracted by the government on a competitive basis. Furthermore, the credibility of the government is increased as it demonstrates its ability to oversee services and become accountable for results to its people and newly-elected parliament."[18]

In the case of the Louis Berger Group, its contract to build 23 schools across Afghanistan has so far resulted in an average cost-per-classroom of $22,813, but its "model" 20-room school in Kabul cost a whopping $592,690. Berger justifies the high figure by saying that it was top quality construction with an iron truss roof system. The head engineer at the Ministry of Education's construction department said that Afghans could complete a school with the same number of classrooms for half that price.[19]

Kellogg Brown & Root employs Afghan laborers to build structures at Bagram Air Base.

Photo by Fariba Nawa

In the United States, aid cash is doled out through twin spigots, USAID and the Pentagon. One of the ways that the Pentagon distributes money is via the Army Corps of Engineers. The money is allocated according to the United States' own political, strategic, and military priorities, rather than according to what the recipient nation might consider most important.

Bilateral and multilateral aid agencies each have their own protocols for disbursing aid money and monitoring spending. The result is a tangle of conflicting bureaucracies that make efficiency and accountability practical impossibilities. This outcome should surprise no one: In 2002, USAID promised to refurbish or build from scratch 286 schools by the end of 2004. Only eight of those projects were completed by September 2004.[20]

According to the July 2005 GAO report, USAID lacks a comprehensive strategy to execute its plans, did not require contractors to adhere to contractual obligations guaranteeing accountability and supervision, and sometimes lost track of major projects it funded.[21]

USAID manages the disbursement of taxpayer money earmarked by Congress for international aid. The agency gives many grants to NGOs, but for major development projects, USAID solicits bids from corporations and is obliged to choose the lowest bid by a qualified bidder. Yet in practice, the winning company is frequently the one with the most influential contacts in the government and most effective lobbyists. And it is almost without exception an American firm. There are good reasons for this, familiarity and access being the most obvious, but also that the money fuels the United States economy at the same time it rebuilds Afghanistan's. The Afghan government rarely has access to or control of the cash "given" to it as aid. There is good reason here, too: Afghanistan's nascent democracy is still riddled with corruption, and there are plausible suspicions that the funds would be siphoned off by warlords and crooked politicians. An official at USAID said the chance of the agency giving aid directly to the government is unlikely: "We need clear standards of accountability and transparency."[22]

But USAID and other donor groups, including the Pentagon, can hardly guarantee that their money is spent any more effectively by their own contractors. Contractors—particularly private Western firms like DynCorp and Halliburton—have proven as capable of shadiness as any government. One Afghan-American expatriate who has worked with foreign contractors in Afghanistan said, "The international companies are more corrupt than the local companies because they're here short-term, tax-exempt, make a profit and leave."[23] USAID has an internal monitoring system to track the contracts it grants, but with a staff of 150 managing billions of dollars in aid, there are not enough people to supervise the contractors. So, USAID granted a contract to International Relief and Development, Inc. (IRD) to monitor its other contracts. IRD and Louis Berger are not friendly.

While there is a minimal level of transparency and accountability to USAID's processes, the Pentagon, which is trying to win hearts and minds through reconstruction in Afghanistan, provides almost no public access to how its funds are spent (for reasons, usually, of "national security"). The Pentagon has hired hundreds of American contractors to work in Afghanistan, in effect privatizing military and diplomatic

operations there. A visit to Bagram Air Force, where the American military houses most of its troops, reveals the extent of the corporate presence. Employees of American companies from Kellogg, Brown and Root (KBR)—a subsidiary of Halliburton—to the Titan Corporation work inside the base building structures and interrogating prisoners.

The Army Corps of Engineers, the Pentagon's civil engineering arm, has contracted with three major construction firms to design and build barracks for the American and Afghan militaries. In a 2005 audit, the Department of Defense Office of Inspector General accused the Corps of grave failures in planning and execution, resulting in the loss of millions of dollars, and potentially violating U.S. law.[24]

The report reviewed 15 contracts worth $782 million awarded by the Corps and found systemic problems. Design and construction specifications were vague and continued to change, which increased costs. In another, $35 million earmarked for operations and maintenance were "inappropriately" used for construction work, a possible breach of the Antideficiency Act. Communication between Corps operatives in Afghanistan and headquarters in Virginia was weak and ineffective. The audit found that the Corps routinely failed to negotiate fair and reasonable prices with companies, and sometimes failed to award contracts to the most qualified bidders. Other times, the Corps awarded fixed-price contracts that gave incentives to companies to inflate costs. In at least one case, the Corps paid a contractor for "out-of-scope" work not even called for in the awarded contract. And perhaps most tellingly, two separate procurement officers awarded lucrative contracts for the same project, thanks to a lack of communication.[25]

The system is ripe for exploitation and absurd inflation. In April 2003, for example, a contractor was assigned a task order for housing improvements at the Kabul Military Training Complex. It began as a $14.5 million job calling for the renovation of one building and construction of 16 others. By October 2004, the contract had been modified to 13 renovations and 22 structures and the price tag had jumped to $48.1 million, with only 80 percent of the work completed.[26]

The Corps contested many of the report's allegations. Nothing illegal was done and "auditors appear to have misread" a task order and money was not wasted, according to a lawyer for the Corps.[27]

SPEED AND EXPEDIENCE

There is political pressure from Washington and Kabul to buff the image of Afghanistan as a success story, especially as the war in Iraq drags on. USAID, which coordinates reconstruction contracts, in turn puts pressure on its contractors to do more work faster. The contractors chafe under the pressure, cut corners, and lean on their subcontractors and underqualified local laborers. When the inevitable failures result—a clinic with a fresh coat of paint but a rotting interior, or a highway that begins to disintegrate before it's finished—the blame ricochets around.

It often seems that the priority here is not so much progress as the appearance of progress. Peggy O'Ban, a spokeswoman for USAID in Washington, DC, admitted in an interview at the USAID headquarters that political considerations and American ideological goals have affected reconstruction. "The U.S. government is not there to build schools, but a free society—which schools and education are a part of. GAO was looking at schools but we were looking at the bigger picture. The dynamic is an evolving judgment call. Along with programs, there are cultural and political imperatives," she said. "The quality may be affected if it's between one layer of asphalt or two, for example. [The Kabul to Kandahar highway] wasn't just to build a road but to show that the transitional government can get things done. Free society is the goal."[28]

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THE AFGHAN RESPONSE

Many Afghans—not to mention the contractors who are struggling to rebuild a country decimated by 23 years of war—simply believe that "beggars can't be choosers" and that Afghans should appreciate what they get. A heavily landmined, politically chaotic, desolate, and rugged nation awakening from war cannot be made into Shangri-La overnight.

But some Afghans refuse to settle for broken promises and third-rate infrastructure. Local politicians and activists complain that the $10 billion in reconstruction money that the international community has donated so far has been largely wasted. The locals are losing faith, and patience.

Residents in Kabul see the upscale homes, cars, and lifestyles of the employees of foreign contractors—all while the capital grows more crowded, polluted, and unmanageable. New

A verandah in the heart of Kabul.

Photo by T Knox via Creative Commons license

buildings with tinted windows and new shops with expensive clothes may be a sign of some economic progress to Westerners, but it's not what Afghans need most: paved roads, fresh water, electricity, and a sewage system.

Afghans blame the waste on foreign and local corruption and some are organizing themselves to lobby donor nations to invest money with better monitoring and evaluation systems in local companies and government ministries. Ramazan Bachardost, a member of the newly elected parliament, built his platform on a promise to fight local and foreign corruption. Sources in the international community also say mismanagement, overspending, and—at the core—corruption, are serious problems among international contractors working to rebuild Afghanistan.

"If truth be told, there will be indictments coming out of Afghanistan. There have been many efforts to hide the truth but it will come out in bits and pieces over time," said a Washington, DC-based consultant who worked for an American contractor for two years in Afghanistan.[29]

CONSTRUCTION FOLLIES

I am writing this in my apartment in one of the "posh" new buildings constructed in 2004 near downtown Kabul. The landlord is an Afghan businessman who imports gasoline. The shiny building, across from a mosque and wedding hall, is five-stories tall with tinted windows. My roommate and I pay $300 a month in rent, the going price in the city. But few locals could afford such relative luxury where a civil servant's salary is just $50 a month. And this is no Trump Towers.

Our building was not constructed to be earthquake-safe, which is a false economy when you consider that earthquakes are nearly as common here as in California. The lack of seismic standards in new construction here makes earthquakes far more deadly than they are in the United States or Japan. When the ground shakes, the walls crack and the doorframes are shifted off plumb. In our apartment, none of the doors close properly.

Our bathroom drains emit the stench of sewage because of the faulty plumbing. We come up with our own solution, because the landlord doesn't do anything about it when we complain. We fill Ziploc bags with water and lay them over all the drain openings. We hold our breath when we brush our teeth or wash our hands. The pipes in the walls leak constantly, and the water seeps into the plaster. The lightest touch sends disintegrated wallboard cascading to the floor. There's no insulation in the walls, and the gaps in our misshapen door and window frames allow icy winds to blow directly into the apartment. The building's exterior was never finished with a primer or sealant, so when it rains, the moisture soaks through and beads on the interior walls. Metal beams supporting the ceiling of our living room are rusting, the rust is bleeding through the paint, and the paint is cracking. The list goes on.

I have lived here for eight months and in the spring and summer, I had water and electricity most of the time. But as temperatures drop below zero in early December, I get 15 hours of power for the week. In order to get water, we need electricity to pump it from a shared well into tanks on top of the building roof. No power, no water. We're some of the few people in the building with a generator, so we volunteered to help the rest of the tenants. We bought an electrical cord that reaches down four floors to the well. It takes five hours of generator power to fill some of the tanks on the roof. For warmth, we use gas and a wood heater. Late at night, when I can't disturb others with the roar of the generator, I can write only as long as my laptop battery lasts. I see with a gas lamp. The gas fumes give me a headache.

There is plenty to complain about but I know that I can leave this country at anytime. My neighbors, on the other hand, are stuck behind these pretty, reflective windows that hide the realities inside. Foreign dignitaries and television cameras can only see the shiny windows and new-looking construction.

A GLORIFIED DIRT ROAD

Very little in Afghanistan could be considered "well-made." Soviet-era construction is notoriously flimsy. But for sheer lack of durability, you need look no further than some of the reconstruction projects undertaken in just the last few years.

For example, a U.S.-funded highway here in the northern provinces of Afghanistan is disintegrating even before it's been finished. By the time it came to buy construction materials, project money has trickled through so many agencies and contractors, that all contractors could afford was second-rate goods requiring annual maintenance—an expense Afghanistan cannot afford. The resulting paved road is little improvement over the dirt road it replaced.

The $15 million for the project originally came from USAID, which gave it to the United Nations Office of Project Services, which in turn hired The Berger Group as a consultant. The UN also contracted with the Turkish firm Limak to build the road itself, and Limak, in turn, hired on a partner, an Afghan-American construction company, ARC Construction Co.

The project had begun as a campaign promise from Hamid Karzai. On the campaign trail in 2004, Karzai was trying to buy the loyalty of Afghans in warlord-controlled regions such as this northern territory, where the local commander was also running for president. Karzai, the candidate favored by the United States government, could promise big infrastructure improvements if he won, since the Bush Administration had the aid money to back him up. Accompanied by then-American ambassador Zalmay Khalilzad, Karzai visited the area and tried to win over the locals with a pledge to build a 10 meter-wide paved highway from Sar-e Paul province and Shiberghan, the capitol of Jawzjan province.[30] Karzai's strategy worked. The locals helped elect him, but today many of them believe they were hoodwinked. They are left with a crumbling 8 meter-wide gravel road and a healthy case of buyer's remorse.

Where did the money go? Between USAID at the top and ARC Construction at the bottom, most of the money was siphoned off for "overhead" and profits. Louis Berger reports that $4 million alone was spent on setting up and moving the mobile camp that housed employees, and on importing construction equipment from Turkey. Another $1.6 million has gone to the salaries of 12 Afghan and three international inspectors. Monthly pay is about $90 for the hundreds of laborers and up to $5,000 for engineers and supervisors

Kabul River Bridge near Pakistan.

Photo by T Knox via Creative Commons license

depending on experience and nationality.[31] As is traditional, the companies involved—from the primary contractor to the lowest sub-contractor, take 6 to 20 percent—depending how high on the ladder they are positioned. After the expenses, salaries, and profits have been taken out, there isn't enough money to build a decent road.

The Berger Group insists it is not beholden to political promises or even community expectations, but that it answers to a higher power: the spending cap on its contracts. "I understand their problems and needs but I also have an obligation to keep within the budget of the taxpayers' money. To the community, we're guilty until proven innocent," said Peter Pengelly, Berger's project manager in the camp.[32]

Now the highway needs yearly maintenance (which has not been funded) to withstand weather and traffic conditions. Consultants with Louis Berger who are working on the road say petroleum trucks driving on the new road are leaking oil and already creating potholes. Without maintenance, the road will not last more than five years, according to one of the engineers. And the Afghan government is unlikely to make maintenance a priority in this remote and no longer politically useful part of the country.

There have been bigger scandals and more damaging examples of mismanagement and corruption in the reconstruction of Afghanistan. But the Shiberghan highway is a cautionary tale about the pitfalls of privatizing reconstruction: wasted

money, empty political promises, lack of central or local government control and basic cultural and business misunderstandings that win resentment instead of hearts and minds.

The Shiberghan story has also exposed something new: the beginnings of what may become a grassroots movement among the local citizens, who are starting to protest and to demand what they want. For every reconstruction project in Afghanistan, someone will complain about poor construction work and slow pace, but few take political action. But the Shiberghan highway ignited an anger that united the community. About 1,000 drivers, farmers and other concerned Afghans signed a petition complaining that the road is substandard and demanding what they were promised.[33]

Among the locals' complaints: The highway does not have shoulders for emergency stops. Where will the bicycles go? asked one cyclist who makes several trips across the road daily. Drivers say the gravel on the road has punctured their car tires and broken their windshields. They say the potholes that the fuel trucks leave create hazards and delays, and when they change a tire, the jack itself sinks into the gravel, creating another pothole and leaving fresh cracks in the roadbed.[34]

The real discontent with the road is about water. The road is built close to mud homes, which have been here for decades. The old dirt road was low, and allowed run-off in the wet season to drain away. The new road is built atop a raised berm, blocking drainage. If a heavy storm strikes, the villagers fear the mud homes they built with their hands will collapse.

A petition was submitted to the governor of Sar-e Paul province. But the governor has no power over the single major highway in his jurisdiction; the road was designed and built by outsiders and therefore outside the scope of his influence. Only the United States has the power and the money to address their concerns, and it isn't a priority.

"USAID can take advice and suggestions from the Afghan government but they don't have to listen to it. USAID will spend the money in the way they want," said one of the contractors.[35]

On a sunny Friday morning in October, three villagers dug a ditch right through the new roadbed in an attempt to create a drainage canal before the rainy season. They were caught in the act and arrested by the local police for damaging public property. Habib, the tribal head of the village, defended the ditch. "Seventy families live in this village and we're happy about this road, but we do not want our homes to fall because of it. We need a drain for the water," he said.[36]

In the circular logic of bureaucracy, the contractors point out that, legally, no structure may be within 30 meters of the road, according to an obscure and rarely enforced Afghan highway law. Therefore, they argue, it's not the builder's responsibility to deal with homes that may flood because they are too close to the road, *even though the homes were there first*. When they realize that even logic doesn't work, the frustrated villagers dig a ditch in the road two months later.

"USAID can take advice and suggestions from the Afghan government but they don't have to listen to it. USAID will spend the money in the way they want," said one of the contractors.

In addition to fears of flooding, a major concern among locals is irrigation. The new highway has blocked their rudimentary canal system. So while the road has made it easier for farmers to get their produce to market, it has made it harder to grow that produce in the first place.

Shuja Ahmed is an Afghan-American businessman from Arizona who travels to UN-funded roads and mediates between the contractors and communities. He usually has a local counterpart who keeps abreast of the issues, and in Shiberghan, it's soft-spoken, serious Amanullah. Together, they survey the areas where complaints were filed and see if the changes that the people had requested have been made.

Ahmed and Amanullah mediate between Berger and Limak and the local farmers. Because the road is guaranteed for a year against defects, Limak, with the advice of The Berger Group, agreed to build 63 new concrete culverts, better than what the farmers had before. When the new culverts proved too small to accommodate the necessary water flow, the contractors built additional ones next to them (and billed for it). Limak and the Berger Group point to this as a moment of altruism, as opposed to poor advance planning.

Some consider the Afghan road laborers the unlucky ones. They are sometimes paid as little as 10 percent as much as non-Afghans for the same job and are excluded from nearly all benefits. Contractors are obligated by Afghan law to main-

tain a labor force that is at least 50 percent Afghan. Hiring more Afghans saves foreign companies more in overhead, which means bigger profits. Limak, the Turkish subcontractor, hired 750 workers during the peak construction period on the Shiberghan highway—250 were Turkish, mainly supervisors, and 500 were local Afghans. The Afghan laborers work seven days a week, 10 hours a day for $90 a month. Limak provides transportation and lunch. They have no health insurance or workers' compensation. The Turks and other foreigners on the project are fully insured, and the Turks receive no less than $1,000 a month.[37] The expatriates live in the camp, where they have the benefits of running water, electricity, and three meals a day. The foreign engineers and supervisors work similar hours—there is not much else to do on the campsite. The contractors say they cannot attract qualified expatriate workers if they do not provide them with basic services and good salaries.

Former poppy growers clean a canal near Jalalabad as part of an alternative livelihoods program funded by USAID.

Photo by Gabriel Bayram

Afghan laborers say that while they understand they are paid less if they have fewer skills, they don't understand why the difference is so great, especially when the cost of living in Afghanistan is rising rapidly as reconstruction moves forward. "They do not see us as having the same worth and that's the real reason. We do not have the unions and the organizations to demand more,"[38] said one Afghan engineer on the site. The inequity breeds contempt and tension: Expatriates can only leave the camp site with an armed guard.

Two days before I arrived at the highway construction site, Mohammed Nasim, an Afghan road laborer, was leaving work when a speeding driver hit and injured him on the highway. Limak officials took him to the local hospital and arranged for him to be airlifted to Kabul, but he died on the way. Nasim's colleagues in the camp bought food for his wife and children but the company has no plans of providing monetary compensation to his family, which has lost its provider.

Between 2002 and 2005, 80 people—about 18 expatriates and the remainder Afghans—were killed working on Berger-supervised projects.[39]

POLITICS BEFORE PROGRESS

Perhaps the most visible success story in the reconstruction of Afghanistan's infrastructure has been the 482-kilometer (300-mile) Kabul to Kandahar highway. A wide, black, flat expanse of asphalt with 45 bridges and 1,900 culverts and causeways, it is a tangible if incongruous example of progress. It took two years for the Berger Group to complete its contracted 389 kilometers (242 miles), but the peak building period was done in record time—about six months—and that was no accident.[40] Besides the fact that the United States military needed a primary road to shuttle troops and supplies from one region to another, the completion of this highway had political significance in both Afghanistan and the United States. The Afghan presidential elections were to be held in October 2004, and United States President George W. Bush was in a close race for reelection to be decided less than a month later. Both campaigns could use the good press.

American Ambassador Zalmay Khalilzad initiated an accelerated reconstruction program that demanded what some development experts called "ridiculous" time frames for building and refurbishing roads, schools and clinics. USAID awarded Berger the contract to build the highway in late 2002, and gave it a strict deadline. In the peak work period, 3,000 Afghan laborers receiving $5 to $10 a day worked seven days a week in 12-hour shifts to get it done before both the Afghan and American presidential elections in 2004.[41] The road is meant to be a symbol more than anything, of American determination, of Afghanistan's future viability as a trade corridor, and of the legitimacy of the new Afghan government.

The project is perhaps the largest feather in The Louis Berger Group's cap. Already, Berger had successfully managed Afghanistan's currency transition, which was meant to strengthen and stabilize the Afghani to make foreign investment in the nation easier. Before the switch-over, it was 40,000 Afghanis to the U.S. dollar. Today it is 50-to-one. The new notes also got a facelift, and resemble the United Arab

Emirates' dirham. But it is the Kabul-to-Kandahar highway that gets most of the attention.

In the Washington, DC offices of the Berger Group, the scissors that Karzai used to cut the road's inaugural ribbon are displayed next to a photo of the event. The road cost $256 million including payments to five subcontractors, plus 1,000 Afghan troopers to protect the project from sabotage. The road ended up costing $640,000 per kilometer (or about $1.02 million per mile). Berger engineers say the bill was low considering the dire conditions they worked under and the speed required. [42]

Critics, however, say that quality was sacrificed for speed in the name of political expedience and profit. Some claim the highway is not thick enough to withstand the harsh weather conditions, including icy winters and 120-plus degree heat in summer months; indeed, the highway surface suffered deep cracks during the first winter. It lacks a median to prevent head-on collisions. Sources involved who asked not to be identified have said that Berger engineers were aware that the substances tested in its labs for the road were inadequate to handle expected traffic flow, but still used the material.[43] Berger officials deny the charge.

The road is meant to be a symbol more than anything, of American determination, of Afghanistan's future viability as a trade corridor, and of the legitimacy of the new Afghan government.

Berger repaired the cracked asphalt under the one-year warranty and has extended the warranty until spring 2006, but any future damage will be the Afghanistan government's responsibility. This kind of long-term maintenance has not been provided for most of the reconstruction contracts. Chace, deputy program manager of operations for Berger, said maintenance will be the long-term challenge of reconstruction for Afghans. The international community may build, but they're not here to make sure that whatever they build lasts, he said.[44] Some USAID money is allocated to Berger to train Afghans by working side-by-side with them, but time and money are generally not in great enough supply to turn out enough skilled Afghans to match the task of maintaining all of the new construction, Chace said.

"Capacity building and accelerated programs are a contradiction," Chace said in his office in Kabul. He concedes that if Berger had more time and money, it would have trained more Afghans to do the job themselves.[45]

A third highway, the Kabul to Gardez road, which was handed over to the government in November and will be completed in spring 2006, is another Berger project that has raised eyebrows. Berger and its Turkish subcontractor, Cukurova, entered into a business contract with a local militia commander (characterized by some as a warlord) known as the King of the Kuchis (nomads). For a price, the commander's company would supply construction equipment, including dump trucks, to the crews building the road. At some point during the project, negotiations soured between the two companies and the commander, and he made threats to kidnap Cukurova's employees. The company paid the commander off to the tune of $40,000.[46] Berger sources insist that the money Cukurova paid had not come from USAID funds.

BAD SCHOOLS AND BROKEN CLINICS

The Berger Group has trained farmers, built roads and hospitals, and consulted with nations around the world on infrastructure improvements, but nothing prepared it for the magnitude of work it was given in Afghanistan. If the roads project could be claimed as a modest success, Berger's work to build and refurbish schools and medical clinics with USAID funds was unmitigated disaster. But in all fairness, it wasn't entirely Berger's fault. As with the Kabul-Kandahar highway, pressure before closely watched elections from the U.S. and Afghan governments to show tangible examples of progress for visiting dignitaries press weighed on USAID, which then leaned on contractors to work fast. The cost of speed can be seen in brand-new yet crumbling clinics and damaged schools.

USAID kept changing Berger's contract for the schools and clinics program. At first, USAID told its contractors, including Berger, to build and repair 1,000 clinics and schools in two short years. But after realizing the challenges, the U.S. began to lower expectations. Berger's responsibility was reduced from 135 structures to 106, but the contractor still had troubles meeting its quota.[47] Thirteen of the schools and clinics were cancelled because of violence in the areas where they were to be built. The rest are completed except for one clinic and training center, but along the way it was a comedy of errors.

At least two school roofs on Berger buildings were damaged after the first winter snow in the province of Ghazni.[48] At an extra cost of millions of dollars, the company replaced 22 and fortified 67 clinic and school roofs across the country because the damage exposed critical design flaws. The planned earthquake-safe roof trusses were too heavy for local labor to place on the building without a crane, Afghan engineers said. The cranes could not be transported because of difficult terrain in some parts of the country. Therefore, Berger introduced new, lightweight steel trusses that, it turned out, may have been earthquake-safe, but were not strong enough to withstand the standard accumulation of snow in an Afghan winter. Berger blamed it on its subcontractor for shoddy construction and low quality steel.[49] When parents of schoolchildren in the region began asking questions, Berger blamed the local government, suggesting that if someone had just cleaned the snow off the roofs, they would not have collapsed.[50]

Baz Mohammed Baz, the head of the construction department at the education ministry responsible for schools, said Afghan engineers had advised against the sheet metal roofs but no one listened. "During the planning process, we stopped working with them. USAID gives the money and they do the monitoring. We're not even recognized," he said. Except when there's blame to be assigned.[51]

Baz said the American contractors spent too much money on overhead and other expenses. He said they should learn from the Japanese contractors who consult the government and build solid structures that last. A new school with 12 classrooms costs the Japanese from $90,000 to $100,000, Baz said. Berger's average was nearly $274,000 for that many classrooms.[52]

Sources inside USAID concede that Berger was overwhelmed and that, in hindsight, the tasks should have been divided among several contractors instead of given to one. But USAID was under intense pressure to implement its "accelerated program." A Berger official said that at one point, the company told USAID that it would be impossible to build quality structures so quickly under the conditions.[53] But delays were also caused by poor planning, severe weather, and the fact that the construction in some regions was occurring in an active war zone.

According to the GAO audit, USAID designated building sites in places that it had never seen.[54] Contractors were told to build on places such as a desolate mountainside, on top of a graveyard, and in a floodplain.[55] A former Berger employee said that monitors could not even locate some school and clinic sites, and when they did it, was too dangerous to stay long enough to make a reasonable assessment.[56] In 2005, Berger sent out a team of Americans to monitor a site where a subcontractor was building a school in Kandahar. Insurgents ambushed their helicopter as it was leaving. One passenger died, and another—Suzanne Wheeler, a construction engineer from Texas—was shot three times in the stomach and once in the leg.

Wheeler, in a phone interview from Texas, said a lack of qualified laborers and reliable subcontractors accounts for bad quality.[57] Wheeler was in Kandahar the day she was shot only to check up on a subcontractor who had apparently abandoned the job. Chace said such in-person monitoring wasn't initially planned or provided for by USAID, but because of the underskilled workforce, has become necessary to ensure structures are built to code.[58] While

'A MAFIA SYSTEM'

Ramazan Bachardost, a populist member of Afghan parliament who ran on an anti-foreign-corporation, anti-corruption campaign, has been on a crusade against the contractors and NGOs—at times employing questionable accusations. As the planning minister in fall 2004, he tried to shut down more than 1,000 NGOs, claiming they were breaking the law and stealing money. Karzai stopped him from dissolving the NGOs and in reaction, Bachardost, a French-educated law professor, resigned. Yet his complaints have struck a chord with Afghans—he received the third highest number of votes in parliamentary elections in Kabul and holds frequent press conferences in an effort to expose corruption.

In his campaign tent in the middle of a park in Kabul, Bachardost said that evidence of corruption by foreign contractors includes overspending taxpayers' funds, delaying reconstruction, and using government contacts to win bids. He said many foreign contractors do not have the skills and experience for the required tasks. "The system that is in place here is a mafia system. There's no transparency, accountability,[with] cash only received and used. There has been a community of contractors and the criteria is not economics; it's about who you know."[60]

Girls in a makeshift school in Kabul.

Photo by T Knox via Creative Commons license

Berger's contract requires it to meet American seismic and construction codes, USAID initially did not have adequate staff to do quality assurance. Later, USAID hired International Development and Relief, Inc., another U.S. company, to monitor the agency's contractors.

Berger's Chace responded to the criticism in an email: "Louis Berger, USAID and all of the other implementing partners in the REFS [Rehabilitation of Economic Facilities and Services] program have had to face and overcome numerous challenges since the start of the reconstruction effort. The earlier works were all accelerated to be able to show the Afghan people some immediate results and evidence that the intent of the program was honorable and noble. Many people have and continue to work very hard to achieve the goals that have been established for reconstruction. On a program of this magnitude there will be problems; even if it was being implemented in a developed country. The challenges in Afghanistan make it even more difficult. There will be disagreements and mistakes made by anybody at any given time. However, you overcome those problems and you keep the objectives in mind and move forward."[59]

A CRUSHING BLOW

CorpWatch focused on The Louis Berger Group not because it is the most corrupt or the least effective, but because its contract may be the broadest and heftiest of any granted to any firm from anywhere in the world for reconstruction in Afghanistan. But when it comes to the most tragic reconstruction failure, the dishonor goes to a Chinese company called China National Complete Plant Import and Export Corporation that was contracted to rehabilitate a wing of one of Kabul's most prestigious hospitals.

The hospital had been damaged by war and earthquakes, and one wing desperately needed to be retrofitted. The Chinese government earmarked $14 million in aid to Afghanistan for the hospital refurbishment. Sources close to the project say the company had not been chosen for its competence, but rather for its close ties to the Chinese ambassador in Kabul.[61]

On a hot and dusty Monday on July 26, 2004, the hospital wing collapsed. Under the rubble, 13 Afghan laborers died. Forklifts dug in the rubble in search of bodies. Families sat outside, mothers cried for their sons, hoping they would be found alive.[62] Dozens were injured. It took five days for rescue workers from the U.S. embassy, local authorities, and the international peacekeepers to find all the bodies.

Dr. Ahmad Shah Shokohmand, chief of hospitals at the health ministry, was a witness to the destruction. "My tears were falling to see that one of the most well-known hospitals in my country was causing deaths instead of saving lives. I learned everything I know there. I saw a mother wait from morning until midnight for three days until three of her sons were found. They were all dead," he said.[63]

Officials at the Afghan health ministry complained to the foreign ministry that the Chinese company was using poor materials and bad workmanship. "They were using huge Chinese-made stones six times thicker than the original marble stone," said one engineer. "I knew the building would collapse."[64]

The Chinese company said an earthquake days before the tragedy was the real cause.[65]

After the collapse, the Chinese sent an investigative team to probe the collapse. Four Afghan government offices, including the health ministry, and the International Security Assistance Force—the peacekeepers—conducted separate inquiries. After months, reports were produced—none of which were made public or available to CorpWatch. But the Chinese government told the health ministry that they would compensate the families of the deceased victims $10,000 each.[66] The same Chinese company was hired to clean up the mess and rebuild the wing and additional parts of the hospital.

A Nepalese Ghurka guard patrols a private airstrip near Bagram Air Force Base. Photo by Fariba Nawa

SECURITY FOR SALE

Nearly every big contractor in Afghanistan hires a security firm to protect its employees, offices, guesthouses, and equipment. There are also the foreign security firms that focus on Afghan police and military training. Security makes up another huge sector of foreign business in Afghanistan. The American embassy in Kabul spends up to 25 percent of its budget on security.[67]

Recently, there was almost a change of guard at U.S. embassy security booths. The existing contractor, British firm Global Risk Strategy, was outbid by the American firm MVM Inc. MVM was founded in 1979 by three former members of the U.S. Secret Service, and is now run by a former Drug Enforcement Agency supervisor. For a little less than $25 million, MVM was hired to protect the U.S. embassy and its staff in Kabul, on the condition that all of its recruits speak English and be handy with a gun. MVM initially recruited African guards to do the job, but shortly after their arrival in Kabul, they disappeared, apparently because they felt the job had been misrepresented to them. Our source says they were allowed out of their contracts, but asked to pay for their hire and transport to the embassy. (It's not clear whether they paid or not.) Then MVM hired Peruvians to replace the Africans, but they arrived on the scene minus the two requirements: English and marksmanship.

It appears now that Global Risk and its elite Gurkha Nepalese guards kept their jobs.[68] Robert Rubin, vice president of MVM, said the company was training to provide security at the embassy but the State Department retracted its contract for its own reasons before any work began. He denied allegations that the Africans were unhappy or the Peruvians were unqualified for the job.

According to the Afghan Investment Support Agency that keeps track of private companies working in Afghanistan, there are 25 foreign security companies, nine of which are joint ventures operating in the country.[69] They are mainly American, British, Australian, and South African. The market for security in Afghanistan is brisk. Contractors cannot afford delays and attrition from sabotage and ambushes. They hire private armies to protect their investments and will pay top dollar if the guards are well-trained and have good reputations. The Western employees for these firms (such as Dyncorp, Blackwater, Global Risk Strategy, and others) can earn up to a $1,000 a day.[70] The armored cruisers they drive are worth about $120,000 each. Nearly all these guards are armed.

FEAR IS GOOD FOR BUSINESS

Reconstruction contractors have simple means of evaluating a security firm: the more people killed on their watch,

the less they are worth. But security firms have a trick up their sleeves: They consult with the State Department and Pentagon to establish how dangerous a country officially is. In turn, aid workers and contractors receive regular updates on security threats by region. Of course, the security companies are invested in creating the impression that a place is a death-trap. These companies, in conjunction with the military, decide how dangerous the country will be rated. Aid workers and other foreign employees have access to security alerts. After insurgent attacks, dire warnings circulate. Security companies in Kabul call this a "white city"—the color of the ashen faces of the foreigners locked up in their houses.

With so much power, few of these security firms have legal licenses to operate in Afghanistan. The firms working with the United Nations have some legal status, but the rest are in the country without any type of regulation and control.[71] Some are self-styled vigilantes and mercenaries with James Bond or Rambo complexes. The Ministry of Interior is planning to register private security companies—how many employees they have, how many weapons they carry, and where are they working inside the country. But at this point, little of the information is centralized.

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The need for regulation was exposed when Jack Idema, a former American Green Beret, was able to open his own private prison where he could torture and interrogate any Afghan he believed was involved with the Taliban. It was the Wild West. There was no oversight or regulation by either the American military or Afghan government. When the story came to light, Idema and two other American men were sentenced to 10 years in Kabul's notorious Pul Charkhi prison for hostage-taking and torture.[72]

BEDFELLOWS WITH WARLORDS

When The Louis Berger Group received the USAID contract in 2002, the company needed security. The job it was performing was one of the riskiest as it camped in the middle of hotspots and made its workers susceptible to insurgent fire. Berger hired USPI—a smaller and lesser known firm—for $36 million over four and a half years. It was the most cost-effective option, Chace said.

USPI is without doubt the most visible security company in the cities and on the roads of Afghanistan. Its guards hide in blue-colored boxes where they eat, sleep, and listen to their radios day and night in front of the homes and offices they are guarding. Each box is emblazoned with the letters USPI.

U.S. Protection and Investigations is a tiny mom-and-pop firm from Texas founded by Barbara Spier, a former safety inspector for a restaurant chain and her husband Del, a private investigator specializing in insurance fraud and workman's compensation cases. They founded USPI in 1987 and the firm was quickly contracted by Bechtel to provide security on its projects in Algeria. Today, USPI has contracts with the United Nations, private contractors and foreign government agencies in Afghanistan, and has worked in Cambodia, Columbia, Nigeria, Saudi Arabia, and Viet Nam.

USPI has had a spotty reputation in Afghanistan almost from the beginning. In the first place, it seemed to have appeared out of nowhere to compete with established security firms such as Blackwater and DynCorp. Its selling point was price; it could underbid any of its competitors for a contract, largely because it spent so little on hiring qualified guards. The company was criticized last year when a British engineer it was guarding was captured and nearly decapitated by rebels claiming to be Taliban.[73] In another case, an American USPI supervisor shot and killed his Afghan interpreter after an argument.[74] Instead of turning the supervisor over to Afghan officials for an investigation, USPI helicoptered him out of the province to Kabul, and flew him back to the United States.[75] While it is unclear whether security contractors are subject to local or U.S. military law, the USPI supervisor has so far been subject to neither.

Fred Chace of Berger said the supervisor shot the interpreter, Noor Ahmed, in self-defense, and that Afghan authorities had questioned the American before allowing him to leave the country.[76] He added that the family of the victim was compensated with "blood money." Fazel Ahmed, the victim's brother, disputed the explanation of self-defense and said his brother's widow and seven children had not received any money from USPI. "He was the sole supporter of that family. USPI has not given them anything and we do not know what happened to my brother. I'm taking this case to the Afghan parliament to call for a formal investigation of my brother's death, who was martyred."[77]

USPI has further sparked controversy over its tactics and close relationships with local warlords. The International Crisis Group, an NGO dedicated to resolving conflict, has been openly critical of USPI for employing former militias and allowing them to use their position to carry out illegal activities, including drug trafficking.[78] There have been few incidences of rogue behavior in the cities where USPI operates, but in rural areas where USPI routinely collaborates with local militia commanders, things can get dicey. The Afghan government, in an effort to quell the civil unrest that threatens the integrity of this newly hatched democracy, has launched a campaign to disarm the warlords and regional militias which fight among themselves for influence over their territories for everything from the heroin trade to the shaking down of interlopers. Critics contend that USPI's collaboration with these local militamen undermines that effort. One such area where the contradiction was apparent was along the Kabul-Kandahar highway where former militia-turned-police were essentially mercenaries paid to guard the project from other militia.[79]

USPI provides security for other contractors and NGOs, but The Berger Group is by far its biggest client. Berger hired the firm to keep its workers safe during road construction. USPI teamed up with an infamous commander, General Din Mohammad Jorat, who wielded tremendous power as head of security in the interior ministry. He offered the ministry's troopers and police—many of whom were former Mujahideen members—opportunities with USPI. The firm does not employ them—the police remain government employees—but provides them "capacity building" or training on the job and pays them $3 to $5 dollars a day for their work. They are given a per diem about twice what their police salaries are. Berger now has a chunk of the Afghan police force as its own private quasi-militia.

We asked one of our sources to contact USPI and inquire as to the cost for round-the-clock security at his firm in Kabul City. He could have, he was told, six guards rotating every 12 hours for $4,200 per month. Our source asked how much profit USPI takes off the top. He was told only 20 percent, which would be $840. We did the math. Assuming each guard is Afghan and receives $120 a month, and six guards would add up to $720, we wondered what happened to the remaining $2,840. The American then offered a la carte options on top of the base price of $4,200: For another $1,000 we could have the blue security box, and for yet another grand we could include communication equipment. It would be just $150 more for the intercom between the guards, which is apparently not part of the "communication equipment." Our source said that even though we couldn't account for nearly $3,000 in the quoted price, it was the cheapest deal he could find in Kabul. Still, he said, he did not trust the guards. He suspected that some may have been militia commanders during the civil war that razed Kabul and killed thousands of people.[80]

The troopers and police who serve as guards are paid far less than the young guns who come from the U.S. and Australia for the adventure, thrill, and good money. All of the guards supply their own weapons, and USPI supplies the uniforms and fatigues. Some of the Afghan police are given rusty Kalashnikovs by the ministry, and use them on their security jobs. Since there aren't enough for everyone, some are forced to buy their own from the Pakistani black market.

A skilled American guard can earn 1,700 times as much as his Afghan counterpart.

A skilled American USPI guard can earn up to $200,000 annually, about 1,700 times what the average Afghan guard might expect.[81] One Afghan protecting one of the Berger offices said he had to buy his own weapon for $200, even though his salary was already too little to pay rent and feed his family. "One of their internationals spends the $3 they give us on their bottled water for a day. When we see that, we refuse to accept the imbalance, the complete unfairness. But at the end of the day, this is all we have."[82]

But the close relations between USPI and local corrupt commanders reach beyond the highways into villages and provinces. An official in the interior ministry said they are having a difficult time with the firm because as it protects its clients, USPI is endangering ordinary Afghans. The local commanders are the biggest hindrance to security in some parts of the country. They intimidate, extort money, torture, and kill innocent people. But USPI, the official said, looks the other way and focuses on protecting its clients at any cost.

"They make deals with local commanders who are supposed to be disarmed and do not let us know so that we can at least register them. They are shady characters who use their weapons without responsibility," the ministry official said. "We've asked USPI to stop doing this, but they continue do so."[83]

Bill Dupre, the operations manager at the firm in Kabul, did not deny that USPI worked with commanders. "We'd like to think that we know who's in control and, whereby knowing who's in control, we'd like to set lines at what point to use which kind of commanders," he said cryptically in a tense interview in which he complained that the media have been unfairly critical of the company.[84]

He added that the company prided itself on knowing the culture and the tribal traditions, but does not become involved in politics or tribal affairs. "We're responsible for protecting the lives of our clients. As such, we do not get involved with the politics of the country," he said.[85]

Dupre claimed USPI is providing more than 5,000 jobs for interior ministry employees and hence, contributing to the local economy. USPI employees have undertaken projects to build a school and a clinic with their own money, he says; one USPI employee is known as "The Candy Man" for shipping boxes of candy to Afghan children. USPI owner Barbara Spier, with three other American women, run an NGO, Helping Afghan Women Project, which purchases school supplies for children, funds salaries for more teachers, and renovated one of the public schools in Kabul.

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But USPI's public service work is window dressing, say its critics, for a company that openly consorts with criminals. They point to USPI's involvement with General Jorat, in particular. Jorat, a former commander in the powerful Jamiat party, was accused of killing the first post-Taliban aviation minister in 2002. An investigation into the assassination resulted in the arrest of two Afghan men, but Jorat escaped prosecution. He vehemently denies the charge.[86] Some Afghan officials say Jorat is simply too powerful to be jailed or punished for the death.

Immediately following the fall of the Taliban, Jorat had his own armed militia. In exchange for disarming, Jorat was installed in the new government at first, as head of security and then as head of emergency services in the interior ministry. In his now legitimate position, he still wields tremendous power through his connections with private security firms. He insists he gets no commission from USPI for providing them with guards.

"The men working under me [for USPI] cannot commit a crime and run. They will be punished," he said. "I give them their incomes and despite popular belief, I do not get any commission."[87]

DYNCORP: THE COWBOYS

In August 2004, two months before the Afghan presidential election, a car bomb shook the Kabul headquarters of DynCorp International, one of the world's largest private security firms. The explosion wounded about 45 people and killed 17—six DynCorp employees, of whom three were American, one Nepalese, and two Afghan. The 11 others killed were mostly civilian Afghan construction workers.[88] Whether it was al Qaeda, the Taliban, or other opposition to the government, they got their target, shaking the capital. DynCorp has political significance to the insurgents. Its employees have been everywhere, guarding President Hamid Karzai and training the Afghan police.

Texas-based DynCorp signed worldwide contracts with the U.S. State Department worth billions over the past two decades, and has been involved in security operations in Bosnia, Israel, and Iraq, as well as in Afghanistan. Computer Sciences Corporation, which acquired DynCorp in 2003, has itself won more than 1,000 contracts with the government from 1990 through 2002, worth $15.8 billion. DynCorp's first contract in post-Taliban Afghanistan, awarded in 2002, was worth $50 million, but ballooned to more than $82 million by the middle of 2003, according to the Center for Public Integrity.[89] Task orders and amendments to the original contracts continue to increase its value. Curiously, the original contract called for the company to handle security for Karzai for six months, with an option to extend that aspect of the contract to a total of 12 months. (DynCorp gradually turned over Karzai's security duty and by January 2006, all of his bodyguards were Afghans.) The State Department simply granted a new contract to DynCorp, failing to advertise it for competitive bidding. According to a State Department report justifying the award, "There is no other contractor that can handle this current mission without delays. [DynCorp is] the only company immediately available and qualified. …Formal market research was not conducted," the report said, "… due to the urgency of the requirement."[90]

The renewal was worth $290 million over three years for police training, efforts to curtail the heroin trade in the country, and guarding Karzai from frequent assassination attempts. DynCorp had become a fixture in Kabul, even though its guards no longer protect Karzai.[91]

The company is highly visible roaming Kabul with its armored cars and M-16 guns. DynCorp houses employees all around Kabul, but its main location was blown up in the suicide bombing. The explosion sent a clear message from the insurgents, and even some Kabul residents had no sympathy for DynCorp. The company had developed an aggressive and unfriendly reputation among residents.

In 2001, a DynCorp engineer in Bosnia discovered that some of his coworkers were buying and selling prostitutes in a massive sex ring. The company sacked the whistleblower and forced him to seek protective custody by the U.S. military to help him escape the Balkans alive. Another whistleblower in Bosnia was also fired. Both were vindicated after filing lawsuits based on racketeering laws.[92]

In Afghanistan, DynCorp employees have been seen inside brothels, according to CorpWatch sources.[93] A DynCorp official did not deny the allegations, but he said that men working for other security companies are often misidentified as DynCorp employees. He said there are rules to prevent such behavior, including curfews and a ban on eating in foreign restaurants or visiting other establishments that might be terror targets. "We try to run an ethical ship here and we insist on it," the official said with much emotion. "We try to instill a sense of pride that we do not tolerate a sleaze factory. We're all ambassadors of America."[94]

But DynCorp guards, many of whom were former city SWAT team officers, developed a colorfully nasty reputation here; one DynCorp guard, for example, was seen slapping the Afghan transportation minister.[95] European diplomats reported threats and abuse directed at them from cocky American guards. The weapon-wielding Westerners were notorious for their rudeness, breaking reporters' cameras, bossing around dignitaries, and disrespecting the polite Afghan culture. The actions of his bodyguards began to threaten Karzai's reputation, so State Department rebuked DynCorp.[96]

DynCorp guards, many of whom were former city SWAT team officers, developed a colorfully nasty reputation here; one DynCorp guard, for example, was seen slapping the Afghan transportation minister.

DynCorp's some 800 international employees in Afghanistan—about 95 percent Americans and the rest mostly South African—enjoy six figure salaries, free room and board, and medical insurance. DynCorp called on American police officers to join in Afghanistan with an annual starting salary of $100,324, $80,000 of it tax exempt.[97]

DynCorp prides itself on offering the best to its personnel—but the cost to taxpayers of maintaining their Western lifestyle in conflict zones runs high. They travel in 300 armored Land Cruisers, each with a price tag of at least $150,000. The company also imports most of the food it provides its employees, including meat, vegetables, and beans. It even feed its Afghan police trainees the imported foods, despite complaints from the interior ministry that the practice is unnecessary and deprives the local economy.

A high ranking former general in the ministry said he had complained that the money DynCorp was spending on importing food from Dubai could be put to better use, especially since the local police didn't care for the strange foods. But a senior DynCorp official in Kabul said that one week when the imported food did not make it to Kabul, and employees were forced to eat the local food, the company had to deal with 192 cases of food poisoning, including several cases among Afghans.[98]

DynCorp contends that the complaints are fallacious. "The people who complained in the ministry wanted their relatives to get contracts from DynCorp for catering so that they could make a profit. It was nepotism. We feed thousands of people every day, and we have to be healthy," he said.[99]

Most of the thousands of other internationals who work in the country eat the local food and seem to have adapted.

A State Department official in Washington, DC, said the U.S. government is happy with the company's performance and the high salaries and expenses are expected. "These contractors are getting killed so yes, they do get good money. There's a small pool of people willing to go out and qualified ones are really valuable," the official said. "DynCorp is seen as a policy implementer but they're really not. They provide support and security and they've done

well in a precarious situation when sometimes there's a false sense of security."[100]

Some Afghan ministers are dubious of such explanations. They see the U.S. government funneling "aid" money right back to American corporations such as DynCorp. "The money the Americans send for the Afghans goes right back into U.S. company pockets," said one senior official in the interior ministry.[101]

DynCorp does have its Afghan supporters. One of DynCorp's most important supporters is the Afghan head of the police-training center in Kabul, General Mirza Mohammad Yarmand. He said the company has worked relentlessly to give police the best training possible. "They have worked with us very well, consulting with every decision and minding our cultural needs. When the trainees asked for a mosque, they made a mosque on site. They do not force their opinion on us," the general said.[102] But he complained that no matter how well trained the police are, their meager salaries of $70 a month will only exacerbate corruption, tempting them to take bribes and payoffs from warlords and militias. Money for police salaries comes from the Law and Order Trust Fund, to which many donor countries contribute. The State Department is working with the Afghan Interior Ministry on a reform system to raise pay and re-organize their ranks.

ARMED & UNTRAINED

While both Germany and the United States have contractors on the ground to train a new Afghan police force, the Americans are doing the lion's share of the work. From 2002 until 2005, the U.S. dedicated $804 million to the cause. They had trained more than 60,000 police officers, including 6,000 border police and 1,500 highway patrol by March 2006.[103] But a June 2005 Government Accounting Office report revealed that quantity is not the same as quality:

> Trainees face difficult working conditions. They return to district police stations that need extensive reconstruction or renovation; militia leaders are often the principal authority; and they lack weapons, vehicles, communications and other equipment. In addition, the police training includes limited field-based training and mentoring, although previous international peacekeeping efforts showed that such mentoring is critical to the success of police training programs. Furthermore, the Afghan Ministry of Interior (which oversees the police force) faces several problems, including corruption, and an outdated rank structure …. [N]either State nor Germany have developed an overall plan specifying how or when construction tasks and equipment purchases will be completed, how much the buildup of the police will cost, and when the overall effort to reconstitute the police will be finished.[104]

The official from the State Department in Washington said some of the criticism is valid, and that much has changed since the GAO report emerged, but that some things were beyond DynCorps' control. The difficulty with corruption and criminal commanders in the police force, however, cannot be blamed on the United States, the official said.[105] But basic training and recruitment have improved, and a DynCorp official said that a mentoring program had been established to allow senior Afghan police to learn management skills. DynCorp claimed that when trainees and senior officers working under its jurisdiction take bribes, they are fired.[106]

But bribery remains a major obstacle, as does illiteracy among new recruits. "(Corruption) is so prevalent, they don't even report it and it's so deeply ingrained in the culture, they don't see anything wrong with it," one of the DynCorp trainers said. "Some police chiefs beat up the police for *not* taking bribes. The key word is institutionalize. Our Bosnia program fell apart because we didn't institutionalize it. It will take five to seven years to train them to be like us."[107]

DYNCORP AND DRUGS

In spring 2004, dozens of Afghan troops, whom DynCorp paid $5 a day, began eradicating poppy fields around the country. A year later, they reached the poppy fields in the district of Maiwand in Kandahar province. As DynCorp supervisors watched, the troops—armed with bush hogs, knives and tractors—slashed at the ripe poppy stalks. A group of 300 villagers gathered at the site shouting in protest, but the crowd dispersed after the police fired warning shots. Meanwhile, about 25 miles from where DynCorp was monitoring the poppy slashers, some 600 demonstrators descended on Kandahar City to protest the eradication. The farmers shouted that their livelihoods were being destroyed without any compensation. The protest degener-

ated into violence, and ended in tragedy. Local police—that DynCorp points out had not yet been trained—fired into the crowd and killed 12 people.[108]

The eradication program, which had been unpopular from inception, halted after this incident but it picked up again this spring. Poppy cultivation is higher in the country now than during the last Taliban years, contributing U.S.$2.8 billion to the Afghanistan economy in 2004 alone. It has steadily grown since the 2001 invasion.[109] DynCorp is back in the poppy fields with its Afghan poppy slashers eliminating poppy stalks before they bloom. One of the Afghan directors of the program said he expects the negative reaction. "A person is about to eat dinner and when he's about to take the first bite, you take the morsel out of his mouth. That's what we did and we got what we deserved," he said.[110]

The eradication program has always been politically unpopular in the country, and quietly, the Afghan and US governments ordered it stopped in the run-up to the Afghan presidential election in 2004, and only resumed afterward. In the end, DynCorp pocketed $150 million for a project that has clearly failed. About 550 Afghans and 90 DynCorp employees worked on the project, and now the Afghans want to know where the money went.

"They fed us, yes, and they housed us, and gave us a measly income but that cost $150 million?" Asked one man who was on the eradication team. "The only new thing we learned from them was how to use (a new, quicker tool) to cut the poppy."[111]

A Western official involved in counter narcotics in Afghanistan said the team supervised by DynCorp only destroyed 220 hectares of a planned 10,000 to 15,000 hectares of poppy field.[112] (Afghan governor-led efforts eradicated just below 5,000 hectares.) But again, the State Department doesn't blame DynCorp for the central eradication team's failure. The official said the effort lacked coordination, communication, and the will on the part of some Afghan government officials to commit.

Back at the drawing board in 2004, the U.S. Congress considered a new strategy: secret aerial spraying. DynCorp, which had previously carried out counter-narcotic spraying over Colombian coca fields and which had just been granted an extension on its federal counter-narcotic contract, was the obvious choice to head up this new eradication strategy aimed at preventing poppies from producing viable seeds.

Shortly thereafter, residents of two poppy-producing provinces reported waking up to find odd pellets covering their crops. People and cattle fell ill. The Afghan and international media reported the event, and many in the government pointed the finger at coalition forces, and specifically at DynCorp.[113] The United States, Britain, and DynCorp all deny involvement.[114] And their independent investigations, they say, have turned up no evidence that such spraying even occurred.

DynCorp is currently fighting a lawsuit by Ecuadorian peasant farmers who claim their land and their people were intentionally poisoned by the company's covert spraying on behalf of the U.S. government. A Latin American agency that tested the pesticide cloud that drifted over the Colombian border discovered that the defoliant was a variant of Monsanto's popular product Roundup, called Roundup Ultra. The substance is purported to be nearly as potent as Agent Orange. The suit is moving forward in the U.S. courts under the Alien Tort Claims Act.[115]

The Transnational Institute (TNI), a Dutch-based think tank specializing in narcotics studies, carried its own investigation by testing the pellets found on the Afghan crops. Martin Jelsma, a researcher for TNI, told us that his tests were inconclusive, but that the substance was almost certainly not Roundup Ultra, because it was delivered in pellets, rather than a fluid. Jelsma hypothesized that the incident might have been a trial run, or that "the sole purpose was to instill fear among farmers (which was in fact very effective), to test out the equipment and to test the political fallout."[116]

Boys in front of a bombed-out mosque near Kabul.
Photo by Mark Knobil

EXPENSIVE (AND DUBIOUS) ADVICE

Part of the United States' grand scheme for rebuilding Afghanistan into a self-sufficient nation was to lift the country's agriculture industry into the 21st century. Afghan farmers, who make up about 80 percent of the working population, needed canals and irrigation systems and the means to get their product to domestic markets more efficiently, to minimize crop loss, and to reestablish their access to the international market. In this spirit, USAID awarded a contract worth $153 million over three years to the Washington, D.C.-based Chemonics International Inc. The company's job: provide the information and infrastructure to ensure food security and improve the lives of Afghanistan's farmers. The program was dubbed Rebuilding Agricultural Markets Program (RAMP).

Highly paid experts were flown in to consult. Chemonics worked with 40 NGOs and dozens of subcontractors. In Parwan province, near Kabul, the brain trust envisioned a farmers' cooperative. Chemonics, along with a French NGO called ACTED, built grain storage silos and greenhouses and invented fruit-drying machinery to preserve perishable produce. Built only two years ago, today these structures sit along a lonely road, looking like war casualties or abandoned children's playthings. All had collapsed or disintegrated during their first Afghan winter, before the farmers had ever used them. The farmers are not heartbroken; they say they would never have used these flimsy storage solutions for their crops anyway because their fruits, grains, and vegetables would have been easy prey for thieves.[118]

Before the country descended into war in 1978, Afghanistan was poor but self-sufficient, with an economy primarily based on agriculture. Historically, 80 percent of the country's export revenues and 50 percent of its gross domestic product have come from agriculture. Dried fruits, pomegranates, and grapes were once a major export, but the war and drought ravaged the fields, destroying irrigation systems and drying up revenues.

Desperate for means to feed their families, farmers turned to

an illegal but lucrative native crop—the poppy, the local variety of which contains opium that can be altered to produce heroin. Poppies need very little water or fertilizers to thrive. That's where the drug war and the War on Terror converge. The United States government awarded Chemonics an additional contract worth $120 million over four years to train opium growers in alternative skills, as part of the United States' and United Nations's ongoing efforts to eradicate opium cultivation and squeeze off the heroin trade in Central Asia.[118] Some opium growers were redeployed as manual laborers, helping to construct concrete canals.

A working greenhouse used by a single farmer.

Photo by Fariba Nawa.

According to the The Center for Public Integrity, 90 percent of Chemonics' income is from taxpayer money funneled through USAID. Chemonics' controlling owner, Scott Spangler, served as a senior USAID director under the first President Bush. Between 1990 and 2003, Spangler and his wife gave about $100,000 to the Republican Party. The Center's profile of the firm includes details on Chemonics' spotty past:

> In September 1997, the company received a $26 million five-year USAID contract to promote democracy in local government in Poland. During the first year of the project, Management Systems International, independent evaluators hired by USAID, called it poorly designed, and criticized Chemonics for not hiring locals and instead hiring too many consultants who hadn't worked in Poland before. "The returns [on] cost of the first year, $7.3 million, are very difficult to show," said Management Systems' report for USAID. "Polish counterparts were able to see that the quality was low and resented, justifiably, that [the foreign] experts were being paid large salaries and were producing little."
>
> USAID then stepped in and appointed new managers and hired Polish workers to replace American ones. In the end, despite the independent evaluators' criticisms, USAID gave Chemonics an "excellent" rating for the project. …
>
> In May 14, 1991, USAID solicited proposals for the Black Integrated Commercial Support Network, a 5-year project to promote greater entry of black firms into the mainstream economy in South Africa. Six companies, including Chemonics and Labat Anderson, submitted proposals. Labat Anderson's proposal was lower than Chemonics' by about $2 million; Chemonics was awarded the contract. In October 1991, Labat filed a bid protest with the Government Accounting Office, charging that USAID had improperly negotiated with Chemonics after both companies had submitted their best and final offers. Labat also charged that USAID permitted only Chemonics to amend that offer. In February 1992 the GAO sustained Labat's protest on both grounds. In a subsequent court action, Labat failed to win monetary damages, but the judge questioned why USAID reimbursed Chemonics for more than $45,000 in legal fees from 1991 and 1992 which "may have been incurred" for an "unsuccessful defense of a contract award that violated several procurement regulations."[119]

Chemonics deferred requests for interviews in Kabul and Washington, D.C., to USAID. USAID told us it had given permission to Chemonics to do the interview, but the company did not respond to our requests.

The Afghan Ministry of Agriculture has been pointedly unimpressed with Chemonics' work in the country. Among the primary goals set out by USAID in the Chemonics contract was the establishment of reliable domestic and international markets for Afghan agricultural goods. By nearly all accounts but its own, Chemonics has been a failure in this regard. A "market center"—a small patio with a pitched roof RAMP built on the main road in Parwan where farmers from the cooperative were supposed to sell their harvest—was vacant and covered with dust.[120]

On a tour of the RAMP projects in Parwan, the province's agriculture deputy director wanted to show me both the successes and the failures. On the main road, a large tent made of a sturdy material penetrable by sunlight—a new type of greenhouse—could be seen from afar. Inside, the senses are assaulted with the green smells of fresh vegetables. Shiny cucumbers hung from healthy plants. This proj-

ect was overseen by the International Center for Agricultural Research in the Dry Areas (ICARDA), an NGO in the RAMP program, and allowed one farmer to make $1,200 last year, enough to support his family.

"With this greenhouse, we were consulted in every step and asked what the farmer's capabilities were, what his resources were and what would work for him, and that's why it has worked," said Abdul Hafiz, the provincial agriculture director.[121]

The farmer's cooperative that had disintegrated in its first winter was an example of the flip side of the coin. The contractors never consulted the local agriculture ministry, Hafiz said. "If they had asked us, we could have told them that this type of greenhouse will not hold up to the harsh weather conditions here. But they never did and we did not insist to know because they are the experts who should know. At least, that's what we are told," he said, shrugging his shoulders.[122]

Farmers examine a useless produce dryer provided by international agriculture consultants.

Photo by Fariba Nawa

Agriculture ministry officials say they are open to the American push to shift the country from a socialist to a capitalist economic model, but they fear that rushing the conversion could backfire, or make a few wealthy at everyone else's expense. As a case in point, Hafiz's assistant showed a huge, newly built warehouse that could be used by several local farmers to store and distribute their harvests. Instead, RAMP gave it to a single landowner who is using it to store refrigerator parts and bags of pesticides.[123]

In Kabul at the agriculture ministry, Sharif Sharif, one of the deputy ministers who speaks English and works closely with Chemonics, said the contractor was getting better at working with the government but that the improvement only occurred after constant complaints and errors.

"We asked them to please work with us. Give us a chance. Please allow our experts to join in the actual work so they can learn because they have degrees, but they need the know-how," he said.[124]

Sharif points to several RAMP projects that he considers wrong-headed or wasteful. A flour mill RAMP built for one farmer in the northern province of Kunduz could store enough flour for the entire province. A project for 25 cold-storage units planned to be ready to hold vaccines and medicines is behind schedule; only seven units had been constructed so far.[125]

Sharif also feels that Chemonics' urgency for RAMP to develop international markets—which largely failed—has caused them to neglect domestic needs for food security. RAMP, for example, has instructed farmers in Parwan to grow more vegetables, and promised to find buyers for them both within the country and beyond. The farmers, who normally planted beans and lentils, grew green vegetables as encouraged. But instead of profiting, they lost money. Vegetables flooded the market and drove the price down.[126]

The agriculture ministry's frustration with RAMP and Chemonics seemed validated by the July 2005 report from the United States Government Accounting Office, which evaluated reconstruction programs in Afghanistan. The report says that while Chemonics met most of its targets, it had failed to consider the sustainability of its projects or make Afghan farmers any more self-sufficient.[127]A GAO official in Washington said Chemonics also did not submit required reports updating the agency on its progress, partly because USAID had pressured the company to complete projects quickly to reassure the Afghans that work was moving forward in a timely fashion.[128] The failure to submit reports allowed the company to hide failed, redundant, counterproductive, or otherwise embarrassing projects without reporting their financial price tags.

One project that flew under the radar involved building irrigation canals for farmers in Helmand province. A little advanced research might have exposed the fact that the farmers in the region are overwhelmingly opium poppy growers and that they were using the water to grow even more poppies. The success of one of Chemonics' contracts was openly undermining another: to wean farmers off the opium market.[129]

$1,000 A DAY

I spent nearly six months in a house rented by BearingPoint, the American contractor USAID hired to revamp Afghanistan's economic infrastructure for an initial $98 million from 2002 to 2005 and then boosted by another $46 million for the next three years. BearingPoint is the management consulting company that split off from KPMG Peat Marwick following the accounting scandals of the early 2000s. A significant portion of its consultants are former employees of Arthur Andersen, another accounting firm that split up and renamed itself in the wake of a scandal.[130]

Western brands insulate contractors from local culture.

Photo by Fariba Nawa

Wazir Akbar Khan, the unmarked neighborhood of Kabul that used to house the Afghan rich and famous, is now compound for foreign contractors and the American military. The U.S. military administrative headquarters is here, as is the American embassy. The streets are blocked and barricaded and one must brave a maze of security posts to get anywhere in the neighborhood.

BearingPoint has about eight houses here sheltering its 30 to 50 international staff. The house I stayed in a few nights out of the week (clandestinely, since guests are not allowed overnight) was a sanctuary away from the chaos that has become Kabul. It was quiet, warm and complete with the amenities of a wealthy Westerner's home. I shared this 1970s-style six-bedroom house with six BearingPoint staff in relative harmony. There was 24-hour satellite internet service, 24-hour electricity provided by a massive generator. There was a house manager—a young Afghan who spoke English—who supervised the rest of the house staff, including a cook who made three meals a day, three cleaning women, and innumerable guards. In the kitchen, there were electrical appliances including a microwave and toaster oven, things I had never seen in an Afghan home. BearingPoint provided an unlimited supply of bottled water, juices, and dairy products. Each BearingPoint employee had a driver and when the personal driver was off, had access to a 24-hour driving service that usually put an SUV at his disposal.

This was not the most upscale or extravagant example of a foreign adviser's life in Kabul but perhaps it reflected a common expatriate contractor's experience and lifestyle.

It was something of a golden cage; some of the residents rarely left. They watched movies, played on their laptops—also provided by BearingPoint—and had long dinners chatting with each other. Those who left went to non-Afghan restaurants or other non-Afghan homes. Rarely did they interact with local Afghans other than the servants.

But for me, this was a surreal shift from the Soviet-built apartment buildings five minutes away where Afghans had rationed electricity and water and lived 12 to a two-bedroom flat. I worked for an NGO at the time and shared a home with two other aid workers, but I escaped my dreary housing by going to the BearingPoint compound when possible—at my house we had no electricity or reliable water, and I nearly froze because my Afghan heater had blown up.

The officials of BearingPoint in Virginia say it takes this magnitude of perks to draw qualified workers to conflict zones. A USAID official agreed. "You can't draft people. You have to pay prevailing Western wages and they cannot be expected to live under Afghan conditions. They need safe houses with generators and water."[131]

Afghans refer to the "$1,000 a day foreign adviser" with disdain. According to our sources and *The New York Times*, the average cost to taxpayers for each imported adviser is about $500,000 a year—$150,000 in salary, and the rest for security, living expenses, and the contractor's overhead and revenue.[132]

Seema Ghani Masomi, a deputy minister at the finance ministry until December 2004, told CorpWatch that her experience working with BearingPoint's advisers was unpleasant. BearingPoint had been brought in to modernize Afghanistan's financial systems, including the government's budget. "They were concerned with making money. They became sales people. It wasn't about what was good for the people but what was good for them."[133]

She fired six foreign advisers (not all employed by BearingPoint) for incompetence and "attitude" issues. "They had good CVs but didn't have the attitude and commitment. It's not just a job—we're contributing to the future of a country," she said.[134]

Nargis Nehan was the treasurer at the finance ministry at the same time. She also complained that initially, BearingPoint employees were oblivious to the local situation, casually gulping soft drinks in the ministry when the Afghan employees who worked there did not even have water to quench their thirst.

One of the biggest gripes Nehan had concerned the software FreeBalance that BearingPoint recommended for the Afghan national budget. FreeBalance is advertised on its website as the best option for government accountability services for developing nations. The software, which Afghans would use to enter data, was in English. "Every time the system went down, we had to contact Canada, and Canada speaks a different language than we do, and our days off were in conflict."[135] She said the software often left them baffled.

Cartoon by Khalil Bendib

Nehan also accused the company of overspending, hiring unqualified people, and nepotism. She said staff were allowed to hire their unqualified relatives, whom BearingPoint would then lavish with large salaries. Steve Lunceford, a spokesman for the company, denied her accusations.[136]

Nehan said relations improved over time with BearingPoint because the leadership changed and the foreign staff became more accommodating to local needs.

Lori Bittner, a spokeswoman for BearingPoint in Washington, D.C., said critics don't consider the magnitude of their responsibilities—essentially overhauling an entire country's financial systems. "They [advisers] had an uphill battle because you were starting from zero," Bittner said. "We're working to change a culture."[137]

PINK IPODS AND THE INFO WARRIORS

The employees of Voice for Humanity, in a fever of righteous idealism, traveled six hours on donkeys and horses through the remotest parts of the Afghanistan countryside. They were on a mission: to deliver what they thought was an invaluable literacy tool for Afghans. Pink for women, silver for men.

They were custom digital audio players which function like the trendy iPod although they look more like generic radios or MP3 players. They are made in China and filled with public service messages on topics including human rights, women's rights, Afghanistan's election process, and health.

The aid workers distributed 65,800 recorders, which cost $50 each, to remote villages and some of the most dangerous and volatile areas in the country. The staff of Voice for Humanity, a non-profit humanitarian aid agency that claims to be dedicated to developing literacy in the world, says it has trained tribal chiefs and other community leaders to listen to the recorders and then pass them on to individuals and families.

The pseudo-iPods were funded by a group of U.S. government funders that included the United States Agency for International Development (USAID). An $8.3 million contract was awarded to Kentucky-based Voice for Humanity, a small group run by two Lexington businessmen, to use its audio players to "promote democracy" in advance of the 2004 Afghan presidential election as well as similar projects in Nigeria.

How VFH got the contract is a matter raising some skeptical eyebrows in the aid community. When the two founders needed to sell their idea to the federal government, they turned to a lobbying group run by Hunter Bates, the former chief of staff to Senator Mitch McConnell. McConnell, it turns out, chairs the senate subcommittee that controls the money allocated to USAID.

Critics say it was those connections that resulted in millions of taxpayer dollars going to an ineffective and laughable program of throwing trendy technology at serious international issues.

"It shows how foolhardy people can be when they're not thinking practically," said Patricia Omidian, an aid worker with the American Friends Service Committee.

There are further questions about the propriety of the U.S. government distributing "public service messages" about an election in which it openly backs one candidate over the others. VFH has gone to great lengths to ensure that the

recorders "have no U.S. footprint," despite the fact they are funded by the U.S. government and distributed by an American NGO.

Assuming that the content of the recorded audio on the players was purely educational and did have value as a literacy tool, it would have been cheaper and more affective to provide these communities with radio transmitters, which cost about $500 total. Radio programming would have reached more people, and is already how most Afghans get their information. Further, the information could be updated on the fly, whereas the VFH recorders must be rounded up and fitted with new chips bearing new material, and then redistributed. Each new chip costs $10, plus the cost of labor and travel.

"Why not radios?" said one aid worker critical of the deal. "You see this time and time again to what (the politicians) think makes political sense regardless of feasibility or viability."

Yet Pete McLain, director of Voice for Humanity, said that Afghan focus groups and surveys have shown that the recorder has educated the public about pertinent material they had no access to before.

"Some of the work can be done with the radio. We're different because of the depth and the fact that it can be repeated whenever you want it, like in the kitchen, in the field. There's an ability to listen to it as a group and rewind it. Radio is good for soundbites," McLain said. "This is about training. We don't want to compete with radio. It's apples and oranges. This is supplemental. We see some synergy."

VFH has hired Altai Consulting to audit the project for efficiency and effectiveness. Its results will be presented to USAID to bolster VFH's claim that the program is successful.

In Kabul, VFH's staff of 40 is entirely Afghan. The supervisor, Abdul Wakil, is a firm believer in the product and its utility. He recalled a case where the device was played at a wedding in front of 500 women in Logar province. The program included information on women's right to vote, including instructions on how to go about it. Although the women had been warned by traditionalists not to vote, many of them had the courage of conviction to register upon hearing the messages, Wakil said.

"It's a school for them," he added.

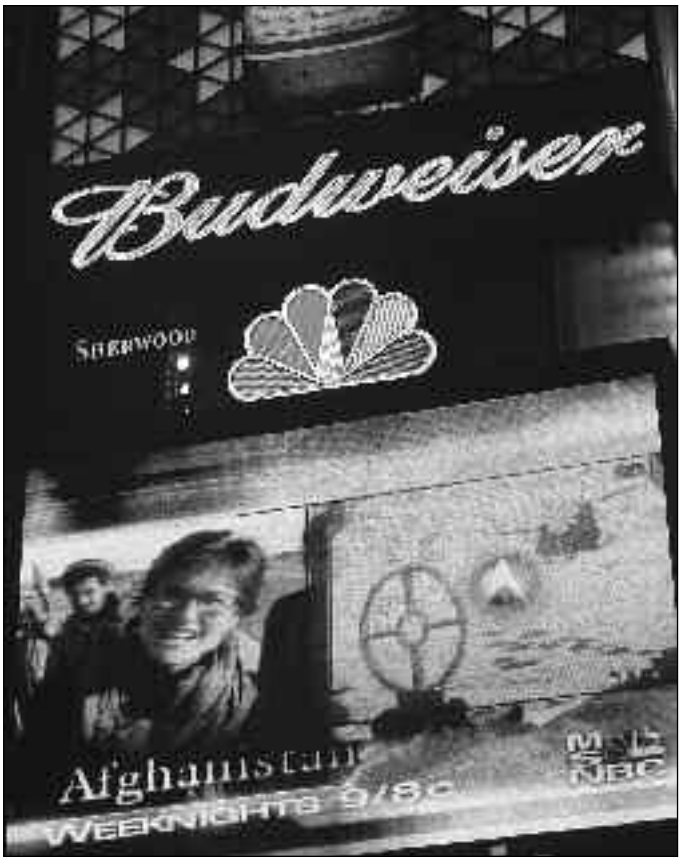

Photo by Manuel Sanfuentes

The Women's Affairs Directorate in Logar confirmed that the players had provided beneficial information before the election, but that it was an impractical means of educating their communities. At their offices, a child could be seen playing with one of the audio players, switching the buttons like it was a toy.

In Khoshi, one of the districts in Logar where the player was distributed before elections, men in shops said they had listened to the material on the tape and gained some insight into the election process but afterwards, the digital device became a toy for their children.

The color-coded idea for the players emerged when VFH learned that men had taken the devices from women and were using them for themselves. Then the Ministry of Women's Affairs suggested changing the color of some of the silver recorders to pink so that men would be too embarrassed to carry them around. So VFH ordered more players, this time in pink.

Wakil sat in his guesthouse in his pressed black suit showing me the recorder's features. It's a set with a solar charger and a hand crank. The programming now includes informa-

tional dispatches and dramatic performances read in the Afghan languages of Dari and Pushto.

Wakil said VFH is now lobbying to receive more grants so that it can continue making new chips with additional information on health, counter narcotics and children and eventually, build a library of data.

But many at USAID aren't buying it. "We had to play it politically so we gave them some money. But they could not leverage us to give them too much," said another USAID source.

There are further questions about the propriety of the U.S. government distributing "public service messages" about an election in which it openly backs one candidate over the others.

PLANTING GOOD NEWS

The recorders are just a small part of a massive information offensive coordinated by the Pentagon and USAID to burnish the United States' image in the Muslim world. A number of public relations companies have been brought into the fold to fashion the messages and make sure they reach the widest audience.

One of them, the Washington, D.C.-based The Rendon Group, is a shadowy consulting firm with close ties to the Bush Administration. The Pentagon has awarded Rendon more than $56 million in contracts since September 11, 2001, as part of a coordinated effort to disseminate positive press about America and its military in the developing world. Like similar contracts awarded to The Lincoln Group in Iraq, the contracts call for "tracking foreign reporters" and pushing (and sometimes paying) news outlets worldwide to run articles and segments favorable to United States interests. One of its contracts is to influence Puerto Rico not to close a U.S. Navy base where several training accidents have resulted in inadvertent bombings of civilian neighborhoods.

A USAID official said Dick McGraw, the head of public relations for the prestigious and influential Afghanistan Reconstruction Group in the U.S. embassy (and a friend of Defense Secretary Donald Rumsfeld) successfully pushed for Rendon to be granted a contract in 2004 to train staff at President Karzai's office in the art of public relations. Rendon later received another hefty grant of $3.9 million from the Pentagon to develop a counter-narcotics campaign with the Afghan interior ministry—despite objections from Karzai and the State Department.

Several former employees of Rendon in Afghanistan initially agreed to speak with me about the company's activities, but quickly changed their minds, claiming unconvincingly that they didn't have time. The sudden clam-up coincided with very public press coverage of bogus news reports painting the American war in Iraq in a favorable light had been planted by the Lincoln Group. Pentagon documents show that Lincoln paid Iraqi newspapers to run the articles.

One U.S. government official in Washington told us Rendon was up to the same shenanigans in Afghanistan, and had been painted with the same brush as the Lincoln Group. "DoD and State didn't want to touch them. They said we have got to get rid of them. They are basically blackballed. They're perfectly willing to manufacture information. They have no scruples about that."

But clearly Rendon has powerful supporters high up in the Pentagon who can override such objections from lower-ranking bureaucrats.

Grain silos built for farmers go unused in Parwan province. Photo by Fariba Nawa

EPILOGUE

Afghans are losing their faith in the development experts whose job is to reconstruct and rebuild their country. While the quality of life for most is modestly improved, they were promised much more. What the people see is a handful of foreign companies setting priorities for reconstruction that make the companies wealthy, yet are sometimes absurdly contrary to what is necessary.

On paper, it looks as though the international community has been awash in altruism and generosity toward Afghanistan. But most of the money allocated to Afghanistan never actually reaches Kabul; the U.S. and the international community have a system, through world financial institutions, that treats the country like a massive money laundering machine. The money rarely leaves the countries that pledge it; USAID gives contracts to American companies (and the World Bank and IMF give contracts to companies from their donor countries) who take huge chunks off the top and hire layers and layers of subcontractors who take their cuts, leaving only enough for sub-par construction. Quality assurance is minimal; contractors know well they can swoop in, put a new coat of paint on a rickety building, and submit their bill, with rarely a question asked. The result is collapsing hospitals, clinics, and schools, rutted and dangerous new highways, a "modernized" agricultural system that has actually left some farmers worse off than before, and emboldened militias and warlords who are more able to unleash violence on the people of Afghanistan.

To be fair, some progress has been made in Afghanistan, if you look closely enough. There is more freedom of expression, and gradually basic amenities such as sewers and running water, and reliable electricity are reaching more of the country. For the past five years, I have been traveling to my home country Afghanistan and I lived there for most of the past two years. When I first returned after 19 years away, the Taliban was in control, and the opium trade constituted the entirety of the country's economic activity. Today opium accounts for nearly 50 percent of the country's gross domestic product. But there are new opportunities and hope slowly emerging for the average Afghan.

The frustration here is not with the drug trade; indeed, drug traffickers are financing some of the best reconstruction the country has seen. The frustration is with the inefficiency and greed that riddles the aid efforts meant to lift Afghanistan up and into the modern age. The financial institutions and the contractors to whom they award multi-million-dollar projects rarely bother to consult with the government agencies that might be able to give them a sense of what is most needed.

Afghans have pleaded to be allowed to allocate aid money as they see fit. And donor countries continue to object, claiming that the Afghan government is too corrupt to be trusted. No doubt, corruption is a problem in Afghanistan, where business-as-usual generally involves bribes. But Afghan ministers decry the characterization, saying the no-bid, open-ended contracts the U.S. and the international community award contractors such as Ashbritt, Halliburton, DynCorp, Louis Berger, Blackwater, and others is little more than a dressed-up form of bribery and corruption. In the end, Afghanistan is hugely indebted to the international community, but barely enriched.

A girl fetches water from a public well in Kabul.

Photo by Daniela Haussmann

I was warned by one of my sources in the United States that I might be doing a grave disservice to my country by publishing this report. If it cast the United States' aid efforts in a bad light, he warned, it might jeopardize future aid money. And again I was reminded that post-war Afghanistan is not truly free, but completely subject to the whims of major corporations who see it as a cash cow, and of nations who view it as geopolitical keystone in an increasingly unstable Central Asia.

My object is not to demonize all contractors in Afghanistan, but rather the system that not only enables, but encourages abuse. The first step to reforming the fatally flawed contracting system is to subject it to safeguards ensuring accountability and transparency. Taxpayers in the United States would no doubt object to their money, earmarked for Afghanistan, paying for failed projects, let alone contractors' prostitutes and imported cheeses. We must hold these contracts up to the light, exposing how some are awarded in exchange for political contributions, demanding accountability down to the dollar, and rooting out waste and abuse. While USAID, the World Bank, and the IMF all claim to have strict rules and regulations, a look at the data shows that the rules are regularly bent or ignored, and virtually never enforced. Millions go unaccounted for. Meanwhile, citizens in Kabul have a brand-new mall, but still no reliable electricity.

It will also be crucial to help the Afghans root out corruption and give them the tools to make decisions on their own behalf. In December 2005, Afghans and international donor groups signed the Strategic Objectives Agreement (SOAG), which provides a framework for closer cooperation and more Afghan input. Let's see if what's on paper will be implemented.

Meanwhile, the security situation in Afghanistan continues to deteriorate, directly threatening ongoing reconstruction. Some of the fighting is simply the result of deep frustration and distrust among Afghans who no longer believe the international community is looking out for their best interests. Further, deliberate use of warlords and militias in reconstruction efforts has only lent them more credibility and power, further undermining the elected government and fueling a Taliban-led insurgency that continues to gain power. The basic infrastructure in the country is in shambles; the drug trade is booming. This result should be seen as a major setback to the "War on Terror." To Afghans, who after decades of war, believed they would finally catch a break, it's a heartbreak.

Available for interviews, excerpts, or republication on request.

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