

## Afghanistan Stunted

The rebuilding process will soon take a dramatic step. But nothing can succeed without money.

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By Ahmed Rashid/Islamabad

In the coming days, Afghans will have the chance to choose their own leaders for the first time in 24 years. But the political process has been seriously jeopardized by the failure of international donors to come up with sufficient funding for the reconstruction of the country or to support the government budget. Even continuing humanitarian programmes for the return of refugees, food aid, schooling and health care are facing major funding shortages.

The international community pledged a five-year budget of \$4.5 billion in aid for Afghanistan in Tokyo in January, with about \$1.8 billion due this year. Of this, the United Nations has so far been able to collect \$870 million from donors.

Some 1,500 recently elected representatives will assemble in Kabul from June 10-16 for the loya jirga, or grand tribal council, the traditional process to establish leadership. There they will choose a new head of state and set up a transitional government for the next two years.

But so far the lack of funds and aid projects on the ground has prevented the interim government from extending its own authority across the country, and made it impossible to halt warlordism and drug trafficking.

The interim government's budget of \$460 million for this year, framed with the help of Western donors, has received only \$45 million in international funding. It is unable even to pay the backlog in salaries, according to Ashraf Ghani, senior economic adviser to Hamid Karzai, who heads the interim government. Ghani, a former World Bank official, runs the Afghan Assistance Coordination Authority, which coordinates all long-term development and reconstruction projects. Ghani says the only serious commitment the interim government has received is a pledge of \$100 million made in late May by the World Bank.

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Donors have not delivered for a variety of reasons. Some have complained that Kabul lacks a reliable banking system. Others await the outcome of the loya jirga to decide how to spend their money. Some funds are tied up in bureaucracy: The Asian Development Bank took six months before it approved \$500 million in loans and grants for Afghanistan on May 28.

Ghani recognizes donor concerns that the nascent Afghan government is not yet able to handle an influx of funds. "There is a need for reform of the government structure after the loya jirga," he says. However, he says his main aim "is to build up the capacity of key ministries and create proficient working groups so they can take charge of their portfolios."

Ghani is concerned that because of the demands of bilateral donors, the government is not getting its due. "While some countries are implementing projects themselves, others are giving to non-governmental organizations or to the UN. But the flow of money should be through the government. Our people hold us responsible for their future and not the UN," he said in a telephone interview from Kabul.

International agencies have cut back programmes to fund the return of refugees from Iran and Pakistan, due to the lack of funds. The World Food Programme has cut food aid to the east and south. Half of the country's population depend on some degree of food aid.

What money has come has focused on prestige projects to satisfy donors' domestic lobbies, often at the cost of the interim government. "A substantial component of aid must be budgetary support to help Afghanistan with everyday running costs," European Union spokeswoman Emma Udwin said on May 30. The EU is the largest

donor to Afghanistan, having pledged \$2 billion over the next four years.

The slow pace of development is breeding its own problems. With aid centred on Kabul, tens of thousands of returning refugees are gravitating there to get their share, while people in rural areas grow resentful. Meanwhile, warlords collect revenue from trade and smuggling rackets and refuse to share it with the government.

Ghani's reform plans include making all revenue national, and setting up provincial offices of the central bank to disburse money. "Our focus is to create a pull factor in rural areas," he says. That certainly can't happen without the cash.