

To Better Afghanistan, Boot the Contractors

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Last August, I [discussed](#) Afghanistan-Pakistan policy on the blog Jezebel. During my interview I mentioned that upwards of 35% of development aid to Afghanistan is redirected back to Washington through consultancy fees and other circuitous measures. Low and behold, the problem has not gone away, despite ample evidence that contracting graft and corruption hurts the very people we claim we want to help and protect.

This is an issue I [write at length about in the Christian Science Monitor](#), with my friend, Joe Storm. We conclude that to better Afghanistan, it's time to boot the contractors.

In an [April 2008 hearing](#) before the U.S. House Committee on Foreign Affairs, Raymond C. Offenheiser, president of Oxfam America, an NGO committed to ending poverty through humanitarian development, said,

"In another case development aid dollars literally went up in smoke. An Afghan NGO described a project to deliver roofing timbers to people in Afghanistan's Central Highlands. The agency overseeing the project based in Geneva took 20 percent of the \$30 million assessed for administrative costs and then subcontracted to a Washington-based NGO that took another 20 percent which in turn subcontracted to an Afghan NGO that took another 20 percent."

This is typical. During my trip last spring to Afghanistan, both pro- and anti-government Afghans as well as expats mentioned the now notorious Chemonics International, a Washington, D.C.-based development contracting company. It won the bid for the \$145 million program - known as [Rebuilding Agricultural Markets Program, or RAMP - that ran from 2003 to 2006](#). The company then subcontracted the training and construction work to other Americans who turned around and subcontracted the job to Afghan companies. Of course, at each level of the process, the subcontractors deducted costs for salaries, office expenses and security. Unsurprisingly, only a small percentage of the original contract money actually reached farmers and other intended recipients.

Development contracting is essentially government-sponsored stabilization and reconstruction efforts outsourced to private contractors. The US Agency for International Development (USAID) is the government's main distributor of development contracts. But according to [one report](#),

"Several interviewees critiqued USAID's current contracting system, including its unrealistic objectives, the excessive cost of private contractors, and the multiple tiers of subcontractors. Many contractors are widely regarded as inefficient, absorbing a huge volume of funds in consultant costs and profits while providing work that is of variable quality, relevance, and impact, and all done with very little transparency (Case study 2)."

If all this wasn't enough, Matt Waldman, the former head of policy for Oxfam International in Kabul and the author of several highly-detailed papers on the failures of aid in Afghanistan, says that a lot of foreign aid money is allocated at the top in Afghanistan, but is siphoned off before it reaches Afghans at the bottom. [One article](#) detailing Mr. Waldman's findings states that,

"much of the aid money goes to foreign companies who then subcontract as many as five times with each subcontractor in turn looking for between 10% and 20% or more profit before any work is done on the project. The biggest donor in Afghanistan is the US, whose overseas aid department USAID channels nearly half of its aid budget for Afghanistan to five large US contractors."

Mr. Waldman's findings confirms the statistic that I provided above: "40% - Share of international aid budget returned to aid countries in corporate profit and consultant salaries - more than \$6bn since 2001." And Jean Mazurelle, the World Bank director in Kabul, [estimates](#) that 35 to 40 percent of all international aid sent to Afghanistan is "badly spent."

Finally, a senior employee of a USAID contractor [said](#), "So you have contract after subcontract after subcontract, which just kills everything. Multiple contracts, then an Afghan guy digging the road—why not straight hire the Afghan?"

Taken together, it appears that foreign aid in Afghanistan is still plagued by pervasive mismanagement, poor oversight, and inadequate on-the-ground coordination.

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