

Dheeraj Pulyala
Waukee High School
Waukee, IA
Afghanistan, Factor 18

Development of Infrastructure in Afghanistan to Boost the Economy

After thirty bloody years of warfare with a number of different nations, the Afghanistan of 2012 lies in shambles. As a result of the near-worthlessness of their wheat, the relatively small amount of land and water required to cultivate opium, and the sheer profitability of their poppy, Afghan farmers abandon the cultivation of subsistence crops to grow opium and cannabis. From this, two consequences arose that (arguably) transformed Afghanistan into what it is today. The first problem that arose due to the propagation of opium production was the diminution of the food supply in Afghanistan. Because the Afghan farmers devote their subsistence farmland to opium, Afghanistan is forced to import food to meet the needs of the Afghan people--a trade generally done at a loss. The next problem that the switch to opium brought about is conflict. The growth of opium in Afghanistan promoted the rise of drug lords, who give a portion of their revenue to the Taliban and other terrorist groups in exchange for protection. This money goes directly toward funding terrorist activities in the Middle East and Asia, and such activities naturally bring about war. These two consequences--war and debt--sink Afghanistan well below the poverty line, placing 36% of Afghans in abject poverty. However, by investing in roads, markets, and businesses, Afghanistan's economy will improve and the warlords who run the country will lose their hold over the region.

The typical inner-city Afghan lives in a family of three (a mother, a father, and a child), eats roughly 1,755 calories per day, is unable to read or write at all, and has no access to reliable healthcare services. Urban Afghan families make roughly \$410 annually from their small businesses, and they typically purchase food from vendors in the city. The biggest obstacle that an urban Afghan citizen has to overcome is the fact that due to the country's violent nature, no big businesses or corporations want to build there, which translates into fewer jobs for the Afghan people and a higher unemployment rate. Given their abysmal standards of living, it's no surprise that many of them turn to opium cultivation for livelihood. Infrastructure development, however, may provide a method of improving their standards of living. By building quality highways and roads, Afghanistan's systems of transportation would improve, and her citizens would be able to move around the country easier, making their search for work and food less difficult. Additionally, the development of infrastructure would aid in the development of businesses. Businesses are afraid to invest in an Afghanistan venture because it has a very weak infrastructure and it is torn apart by violent infighting, which would make the transportation of goods extremely difficult and reduce the efficiency of the business greatly. Also, Afghanistan has a very nonvolatile economy, so the businesses would not make a very large profit (if any). Businesses--which would provide a large number of jobs for Afghanistan, improve the standards of living by providing their services, and stimulate trade and economic development by moving in--are afraid to invest in Afghanistan because she has a weak economy. For Afghanistan, "Laissez-faire" policies and Austrian economics is not the solution; we have to jump-start this situation out of equilibrium. To help Afghanistan out of its slump, it falls upon the wealthy philanthropic organizations like the World Bank and UN development assistance committees to honor their mission statements and invest in the elimination of poverty. These organizations could help heal Afghanistan by promoting infrastructure development, which would make the country more inviting to large corporations, stimulate the economy, and improve the standard of living.

In addition to the wars in Afghanistan, because the country has a very weak economy, Afghanistan fails to attract businesses to her cities and provide the employment opportunities required by her citizens. According to the Rawa News Organization, "The official unemployment rate [of Afghanistan]... was 40%...it may reach as high as 80% in some [regions]." 20 million out of 26 million Afghans live under the

line of poverty (Rawa News; "20 Million People"). Also, citizens of Afghanistan have minimal access to doctors or healthcare providers due to the lack of infrastructure, and the only reliable medical services of any type in Afghanistan are offered by the US Military and NATO hospitals. The lack of vehicles and acceptable roads makes it impossible for civilians to get assistance from ambulances. In fact, no emergency medicine programs have been implemented or even developed in Afghanistan because of the complete lack of infrastructure (NIH; "Rebuilding the Health"). Consequently, the development of a quality infrastructure in Afghanistan would help solve the health crisis by providing easy access to medical centers. In addition to what I've already mentioned above, the development of infrastructure would help increase the survival rate in Afghanistan by increasing access to health services, which would cause a growth in population. A growth in population implies a larger workforce, which is a very enticing prospect for businesses. The enlargement of the workforce reduces the costs of labor, and a reduced cost of labor increases the profitability of Afghanistan, attracting more businesses. This improves the standard of living further by providing more jobs (and increasing job specialization), increasing the survival rate even further, and continuing the cycle. These business ventures provide lots of jobs for the Afghan people, which decreases the unemployment rate. This means that more people pay their taxes to the government (and the businesses pay up, as well), and more money flows into the government's coffers, which helps shift the balance of power from the terrorists and drug lords to the Afghan government. Additionally, the Afghan government can finally begin operating on a budget surplus, which is the next step toward a self-sustaining and not-so-impooverished Afghanistan. Finally, it reduces taxes on Afghan citizens, which further improves the standard of living for the citizens and provides further incentive for businesses to invest in Afghanistan.

The infrastructure of Afghanistan is currently abysmal; but thanks to organizations like USAID, who are funding the construction of roads and schools in urban Afghanistan, it is improving. USAID is currently working with constructors on paving roads, building bridges, and establishing a power grid in Kabul and other large Afghan cities. Because of USAID's projects, life is becoming far easier for the urban Afghan. Travel is now far quicker and easier than it was in the past, electricity comes on more frequently, and the cities of Afghanistan are drawing in more and more businesses (USAID; "Paving The Road"). The increasing ease in utility availability also improves the appeal of a business adventure to Afghanistan, as businesses can perform more functions with the increased utility availability. By improving the infrastructure of Afghanistan, the markets become more easily accessible to its citizens, the markets themselves get more business and make higher profits, and the transactions that occur give both the citizens and the market owners their sustenance. When the small businesses in Afghanistan thrive, the money will trickle through the individual sectors of the economy; and the average Afghan's standard of living will improve due to the distribution of wealth.

Other issues may affect the improvement of Afghanistan's infrastructure, which then improves its economy. The urbanization of Afghanistan would lead to a larger number of people living in the large cities, and that would result in a demand for more roads, highways, buildings, markets, etc.. The economy would actually benefit from the large expenditures on infrastructure that come from urbanization. The money spent by the government on the roads, buildings, and markets go to the construction contractor, who pays his workers. These workers pay for X, Y, and Z, and the money trickles through the economy and ensures that more people have an income (as mentioned above). Water scarcity may also create a demand for infrastructure and a similar improvement in the economy. When water is scarce, the demand arises for irrigation systems, aqueducts, and other water transportation utilities. The demand is later fulfilled by contractors, who then pay their employees. These employees then make independent expenditures in Afghanistan, and the wealth spreads again. In that regard, despite the fact that it reduces the amount of available labor and the standards of living, water scarcity can lead to improvement of Afghanistan's infrastructure. This development has positive effects on the economy.

To improve the infrastructure of Afghanistan, I believe that the World Bank and the International

Monetary Fund should be given the resources to cancel the debts of Afghanistan, and Afghanistan should be given interest-free loans from these entities. Afghanistan must repay its debts--that much is certain. If it has no assistance from any outside source, Afghanistan has (and will continue) to raise taxes further on the poor citizens inside the country. The purpose of infrastructure improvement is to provide incentives for big businesses to enter, not to scare them away simply by overtaxing them. Therefore, Afghanistan needs donations from an outside source like the World Bank to help cancel its debt. As of right now, Afghanistan is roughly \$3.79 billion in debt; so by cancelling the debt and providing Afghanistan with an additional \$30 billion in loans for infrastructure expenditures, this plan for economic improvement in Afghanistan through infrastructure development should kick into gear with very few problems. By getting the Afghan economy going, the first step is taken toward a self-sufficient Afghanistan. In addition to an improving economy, Afghanistan will have an improved system of transportation, which allows its citizens access to healthcare services, markets, and other essential yet previously inaccessible places, which improves the standards of living greatly. Also, the USAID program could potentially partner with these efforts and increase the scope of the infrastructure project in Afghanistan. Together, the World Bank, USAID (and other pre-existing infrastructure programs in Afghanistan), and the implementors of my program would develop infrastructure in Afghanistan, which will bring improved welfare, stability, and peace to Afghanistan.

The previous plans for development assistance were confronted by serious obstacles in the global community; consequently, they were improperly implemented or not implemented at all. In the world's wealthiest nations, the majority of the electorate is focused upon the domestic issues. Aid to Third world countries is on the back burner due to the lack of awareness about these problems. Additionally, some members of the global communities oppose the prospect of development aid for Afghanistan. Over the past 40 years, development assistance to Afghanistan has totaled 60 billion US dollars; however, we have seen almost no improvement in its economy. (par.8; "Afghanistan promised \$16bn...") After nearly a century of providing assistance to impoverished countries and seeing no results, the wealthy donor countries want to call it quits and say "It's all their fault." This failure has raised doubts in the public regarding the efficacy of development aid programs for impoverished countries. In order to put development assistance for Afghanistan higher on the global agenda and assure that it is effective, we must raise awareness in the public about the poverty in Afghanistan, address the arguments of those opposed to development aid, and improve the implementation of these aid policies in Afghanistan.

In the world's wealthiest nations, there is a general disregard for development assistance to foreign countries in the electorate. A commonly used argument (especially here in America) is that there is poverty within the nations, as well; this poverty takes precedent. However, this argument completely disregards the contextual aspect of poverty. In an interview with Newsweek, Jeffrey Sachs, an economics professor at Harvard and director of the UN Millennium Project, addressed this flaw. Sachs said that here in America, we don't have lethal poverty. Very few (if any) Americans die because they can't get their \$1 dose of Quinine on time. (par. 13; "Why 'Trade, Not...") The reduction of poverty levels in certain countries--especially Central Asian and Tropical Sub-Saharan nations like Afghanistan or Rwanda--is going to be much more difficult than in the United States. In America, deaths by malnutrition aren't as common and widespread as they are in these nations. We don't have pandemic diseases that lay waste to our communities. What we have isn't truly poverty. It's just relative poverty. The people of these nations, who are being deprived of the most basic of utilities, take precedent to our "relatively poor."

To the skeptics, I say this: even though the quantity of aid we've contributed is high, we are hardly close to where we need to be. In the 1970s, 22 member nations of the DAC (Development Assistance Committee) promised to progressively increase their ODA (Official Development Assistance) contributions to impoverished nations to the amount of 0.7% of the nation's gross national income. Their goal was to reach the .7% ODA contribution target by the mid-1970s. They failed miserably; consequently, the goal was reaffirmed with the Monterrey Consensus in 2002. (sec. 1; "Foreign Aid

for...") As of June 22nd, 2012, only 5 of the 22 nations have achieved it; unsurprisingly, the overall contributions of these five nations were among the smallest of all donors. Japan and the USA, who were two of the largest contributors in terms of monetary value, donate a paltry .28% and .22% of their GNI, respectively. Although our contributions may seem large (totaling \$3.19 trillion USD since 1970), we have fallen \$4.37 trillion short of the goal we set--and the shortfall keeps on accumulating. Simply put, the DAC needs to contribute the promised amount; otherwise, we can expect a lack of progress in our aid efforts.

Furthermore, due to the looseness of the definition of aid, the quality of aid is lacking. Items that are not strictly classified as development aid have been included in the contribution totals: for example, trade with the recipient nation is counted as development aid. Additionally, the donor nations often design their aid projects to advance their own economic and strategic designs. This compromises the efficacy of the aid projects by making development assistance less efficient. For example, a policy of "Trade, not Aid" has often been employed by the rich nations of the DAC. The arguments for "Trade, not Aid" sound reasonable: the goal is to develop a self-sustaining nation rather than one that relies heavily on outside support. The recipient nation's debt should also be lower, considering the fact that less money in loans must be repaid. The implementation of this type of policy, however, often requires the sale of overpriced goods and services to the recipient nations. As an additional consequence, market access for country products produced by poor subsistence farmers is denied while the donor nations dominate the market with their "aid". That's not the type of assistance that a Third World nation requires. Also, money contributed to large, expensive projects like infrastructure development can easily be embezzled away. Between the years 2004 and 2008, the United States Agency for International Development (USAID) contributed over \$330 million to the United Nations Office for Project Services. The purpose for this contribution was to provide development aid for Afghanistan; however, USAID later discovered many U.N. audits and investigations revealed the embezzlement and fraud of the USAID contributions by UNOPS. UNOPS, claiming it had changed its ways, continued to receive funds from USAID; but when government investigators attempted to carry out a 17 month study into UNOPS's financial methods to determine whether or not the problem had been solved, they were unable to reach any conclusions because UNOPS wouldn't disclose its financial management information. Much later, the government investigators found that UNOPS had not even begun investigating the numerous fraud allegations that several of their employees were facing. My point is this: oversight of these projects is incredibly difficult, explaining the ease at which employees of large, financially insecure organizations like UNOPS can embezzle development aid funds.

I believe that to overcome the implementation issues we have experienced with development aid, we need to rethink the relationship between the UN and the donor nations. To ensure that the donor nations do not neglect their contribution pledges, the UN must have some form of incentive or authority over the donors. However, to ensure that the UN is effectively using the money, the UN must deliver financial reports to the donors and fully cooperate with any audits the donor nations may request. I would fulfill both of these requirements by specifying these conditions on the pledge consensus form. If the donor nations fail in their responsibilities, the UN publically vilifies them. If the UN fails to fulfill their accounting requirements, the donor nations can withhold aid. Through this system of checks and balances, the project's security is ensured.

Works Cited

<http://www.globalissues.org/article/593/official-global-foreign-aid-shortfall-over-4-trillion#ShortfallofODAsince1970totalsover437trillion>

<http://www.globalissues.org/issue/786/aid>

<http://www.rawa.org/temp/runews/2008/09/28/poverty-unemployment-driving-afghanistan-towards-instability.html>

<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2700223/>

<http://data.worldbank.org/country/afghanistan>

http://earthtrends.wri.org/pdf_library/country_profiles/agr_cou_004.pdf (Daily Caloric Intake)

<https://www.cia.gov/library/publications/the-world-factbook/geos/af.html> (Literacy Rate)

http://afghanistan.usaid.gov/en/USAID/Article/2294/Paving_the_Road_to_Afghan_Prosperty

<http://www.businessweek.com/stories/2002-10-09/why-trade-not-aid-isnt-enough>

