



# HOW AMERICA CORRUPTED AFGHANISTAN

Time to Look in the Mirror

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The U.S. cannot ignore Afghan corruption and hope for any kind of victory or meaningful end state in the Afghan conflict. The fact remains, however, that corruption is only one of the problems that the U.S. and its allies must address in an active war zone, and anti-corruption drives are largely a triumph of hope over experience in societies with a history of systematic corruption. They almost inevitably do little more than prosecute a few token scapegoats and turn the leaders of any serious anti-corruption program into martyrs. This is especially true of counterinsurgency in Afghanistan, where the host government needs the corrupt and loyal powerbrokers and where the U.S. needs the support of a corrupt host government.

The risks in focusing on anti-corruption drives became all too clear in late August when Karzai fired a key prosecutor -- Fazel Ahmed Faqiryar, the former deputy attorney general. Faqiryar told *The New York Times* that Karzai and Attorney General Mohammed Ishaq Aloko refused to allow any action to be taken against corrupt leaders. He said that cases built against current or former Afghan officials, including 17 members of Karzai's cabinet, 5 provincial governors, and at least 3 ambassadors, had not gone forward. Moreover, another 22 cases were halted or ignored without explanation.<sup>i</sup>

This situation is highly unlikely to change in the middle of a war where Karzai needs all of the internal support he can get, and the rest of the Afghan political and legal system either is too weak to pose a challenge or would like a share of the money. Moreover, the problem with corruption is scarcely limited to Karzai or leaders at the top. It affects all of Afghan society from top to bottom. Unfortunately, the worst aspects of this corruption are largely the product of our mistakes.

It is time that we as Americans -- in government, in the media, and as analysts and academics -- took a hard look at the causes of corruption in Afghanistan. The fact is that we are at least as much to blame for what has happened as the Afghans, and we have been grindingly slow to either admit our efforts or correct them.

The good news is that we can probably do more to fight the worst causes of Afghan corruption by changing our own actions than by any amount of effort to encourage Afghan anti-corruption drives. Much of the level of corruption that threatens any real hope of victory in Afghanistan can be reduced and eliminated if the U.S., its allies, and other aid donors tightly control the influx of outside money, limit its flow to honest and capable Afghans at every level of government, and provide the transparency to allow Afghans to see how honestly and effectively the money is used.

In fact, many elements of the country team have already begun to focus on such an approach. Most of the groundwork for a more effective anti-corruption strategy is already laid, and the problem is as much implementation as finding better ways to fight corruption. Far more decisive action is needed, however, and the focus of the proposed strategy needs to be expanded to cover the way in which the U.S. allocates funds and

measures effectiveness, not simply to stop the practices that have raised the level of corruption to the point where it can lose the war.

## **Corruption Is As Much of an Enemy As the Taliban**

Reducing corruption is not a luxury or exercise in good intentions at the expense of fighting the war. Afghans do have higher priorities and more urgent needs. A poll carried out in May 2010 by The Afghan Center for Socio-Economic and Opinion Research (ACSOR/D3) and Langer Research Associates, which built on a long series of ABC/BBC/ARD polls, found that only 8 percent felt corruption was the single most important issue in bringing stability to the country. Only 23 percent felt it was one of the top three issues, peaking at 31 percent in the south. The poll found that compared to 50 percent who called security the single top issue, 75 percent called it one of their three top concerns.<sup>ii</sup>

The U.S. and its allies are not at war to reform Afghanistan, but rather to create a more stable and secure nation that no longer presents the risk of being a center of international terrorism. They must place corruption in the context of other Afghan priorities like security, local living conditions, and their hopes for the future, and focus on anti-corruption in ways that support the overall war effort according to the priorities set by both the conflict and limited resources.

Nevertheless, the Afghan government, the U.S., and our allies cannot win by tolerating anything like the current level of corruption. One survey after another has confirmed the fact that the current level of corruption has alienated so many Afghans that their lack of faith in the Afghan government is one of the reasons that we may lose the war in Afghanistan and Pakistan.

Transparency International's Corruption Perception Index for 2009 ranked Afghanistan 179 out of 180 countries, making it—by that standard—the second most corrupt country in the world. An ABC poll in the winter of 2009-2010 found that 95 percent of Afghans called corruption a problem, and 76 percent called it a “big problem” – 31 points higher than in 2007. A recent poll by the International Council on Security and Development found even worse results. It found that some 70% of Afghans felt government officials in their area were involved in drug trafficking, and 64% felt they were involved with the Taliban.

Integrity Watch Afghanistan (IWA) released a survey in June 2010 that found Afghans considered corruption to be the third-largest problem in the country, following security and unemployment: “Approximately 75% of respondents believed that the problem of corruption became more significant over the course of 2009: 28% of adults paid a bribe to obtain a public service... 70% of Afghans perceived corruption as a common way of doing business with their government; however, 90% of respondents stated that they felt guilty for taking part in corrupt activities.”<sup>iii</sup>

The average bribe that those surveyed paid in 2009 was Af 7,769 (\$156). The U.S. Special Inspector General (SIGAR) reports that the survey found that this amount represented 31% of the average annual income in Afghanistan (\$502). Afghans who earned less than Af 3,000 (\$60) a year reported the highest exposure to bribery and listed corruption as the largest problem in Afghanistan. The same poll by the International Council on Security and Development (ICOS) found that 74% of Afghans worried about feeding their family and 59% sometimes simply could not do so. Corruption is a burden on a people so poor that a third of the population is dependent on the UN's World Food Programme to survive.

Moreover, corruption affects virtually every aspect of war fighting. Afghans all see leaders and powerbrokers profiteering off of ISAF, NGO, and aid group projects. Meanwhile, surveys by ISAF and the latest semi-annual report on the war by the Department of Defense show that the government provides little or no services for ordinary Afghans in much of the country. Moreover, it is widely distrusted and has left key services like prompt justice to the Taliban. Survey data differ over just how deep this alienation is, but they agree that it has grown steadily more serious over the last half decade, allowing insurgents to expand their control and influence. It will be impossible to implement the civil side of our population-centric strategy unless this situation changes.

Corruption also deeply affects the security aspects of the strategy. The Afghan National Army (ANA) is freer of corruption than the other elements of the Afghan government, but many elements are more interested in money, drugs, and local power than defeating the enemy. Unfortunately, the Capability Milestone and Commander's Unit Assessment Tool (CUAT) readiness systems for rating the army largely ignore this. They also ignore internal corruption in recruiting, promotion, safe or profitable assignments, sale of supplies and weapons, security support of powerbrokers, and support or tolerance of the insurgents. It is not enough to recruit, train, and equip the ANA. The ANA must be a fighting force that can transition to conducting fully independent operations, and this can only occur if corruption is kept to very limited levels.

Corruption is the rule in every element of the police – with the exception of some of the Afghan National Civil Order Police (ANCOP). It affects the operations of every element of day-to-day policing, the actions of the Border Police, and much of the formal justice system. The ACSOR/D3 and Langer Research Associates poll in May 2010 found that

“A substantial number of Afghans, 43 percent, described themselves as unwilling to report a crime to the Afghan National Police. And for a variety of legal issues – land and commercial disputes, inheritance issues, personal injury among them – minorities said they'd be inclined to use the government courts, as opposed to other options (e.g., a shura or jirga council, a tribal leader or a local elder).

“To some degree this likely signals more of a social inclination to settle civil disputes locally, rather than a rejection of government authority more broadly; majorities did prefer government justice in more serious cases, e.g. 64 percent in cases of murder. Still, that leaves a third of Afghans who wouldn't be inclined to use the state justice system even in murder cases – hardly a ringing endorsement of government authority.”

Even if the ANA can fully “clear” given areas of insurgents, it will not be possible to “hold” against the reinfiltration of insurgents unless police corruption is kept to traditional levels, along with the formal and informal justice system. Afghans will not trust in either the “hold” or “build” phases if they see funds continue to go to powerbrokers without controls or benefits to the Afghan people.

## **The Real Sources of Crippling Levels of Corruption**

There is a massive difference between the kind of relatively low-cost corruption, fees, and charges that Afghans have paid in the past and the level of corruption in today’s Afghanistan. Afghanistan has always had a large black economy, and Afghan officials, the military, and police have long taken bribes or charged illegal fees. Like at least two-thirds of the countries in the world, this has long been the way the Afghan government and economy operate.

What is different from the past is the sheer scale of today’s corruption. Virtually all Afghans believe it cripples the government, creates a small group of ultra-rich powerbrokers and officials at the expense of the people, and empowers a far less corrupt Taliban by default.

### **Floods of Uncontrolled Contractor Money**

It is time we stop focusing on Afghans and start looking in the mirror. A tiny elite of Afghan officials, senior officers, and powerbrokers have become vastly wealthy through corruption largely thanks to outside military and aid efforts led by the United States. At the same time, virtually all Afghans in public life – and particularly in government and the police – have become more corrupt for the same reasons.

As SIGAR and the General Accountability Office (GAO) have made painfully clear, the U.S., other countries, the UN, and NGOs have poured money into Afghanistan with miserable fiscal controls, little real effort to validate whether such spending levels are necessary, an almost total lack of meaningful transparency, and no meaningful measures of their effectiveness or the level of corruption and waste in such spending.

There is no way to quantify just how much of this money has been wasted, stolen, or diverted. The bulk of the money has gone to military operations, not aid, and there is no meaningful accounting of how the money actually spent affects Afghans or of the nature of the fiscal and accounting practices used by the U.S. or allied forces. It is clear that much of this money goes to U.S. contractors who fail to control their own costs and pass money on to foreign and Afghan contractors who are often corrupt. Unfortunately, the U.S. Department of Defense and allied ministries of defense have at best managed by exception when a few investigations have revealed gross negligence. They have never made proper planning and accountability keys aspect of effective warfighting and transition.

The fiscal problems in the aid community get far more attention in spite of the fact that aid is a far smaller portion of the money that goes to corruption. Even so, the aid community reports largely in terms of plans, pledges, and commitments. The United Nations Assistance Mission in Afghanistan (UNAMA) has proven to be incompetent to the point of nearly total irresponsibility. It provides no meaningful reporting on the actual flow of aid or its effectiveness. It has never issued a meaningful report on the overall funding of aid activity in Afghanistan. The same is equally true of USAID and the State Department, as well as most other foreign donor governments and NGOs. The reporting that does occur is largely in terms of money allocated or spent and projects started or completed. There is no meaningful reporting or transparency on the actual flow of money that reaches Afghans, no accountability, no meaning validation of project and program requirements, and no meaningful analysis of effectiveness.

SIGAR concentrates its activities almost solely on U.S. military and civilian assistance. This major shortcoming has led to a near crippling lack of focus on overall Department of Defense and allied/donor spending. SIGAR estimates that total aid for civil projects and ANSF development from 2002 to 2010 has totaled some \$ 62.1 billion -- of which the US provided 81%, or \$50.5 billion.<sup>iv</sup> Groups like Oxfam have put the wastage in aid spending at something like 40% of the total, but this includes overhead and security. No one really knows just how bad the situation is.

### **“Existentialist” Corruption**

U.S. actions have exacerbated this lack of control over vast flows of funds to a country with a GDP of only \$27 billion in 2009 and a per capita income of under \$1,000:

- The U.S. played a key role in drafting a constitution that put virtually all money given to the Afghan government under the control of the President and central government ministries that had little capacity to govern and no meaningful checks and balances.
- The U.S. stood by as the Afghan civil service fell apart during the year after the U.S. drove out the Taliban. The few elements of government capacity Afghanistan had remaining left for other jobs or turned to corruption to survive.
- The U.S. focused on Iraq through 2008 and spent more than twice as much on Iraq during this period as on Afghanistan. When it finally reacted to the rise of the insurgency, it put money into fighting the Taliban in the field and not into providing security for the Afghan people until the strategy changed in mid-2009.
- The Congressional Research Service (CRS) reports that the U.S. budgeted some \$428 billion for Department of Defense activity from FY 2001 to FY 2010, but only \$25.2 billion for the U.S. State Department and USAID.
- The U.S. never staffed an integrated system for controlling and evaluating contacts and expenditures or established proper audit and reporting procedures – in spite of repeated warnings by the U.S. Government Accountability Office (GAO) and the Inspector General of the Department of Defense. This severely limited the ability of agency inspector generals to operate, and when SIGAR was finally established, its mission was limited, and it was not resourced to even moderate levels until 2009.

- The US never fully supported the High Office of Oversight (HOO), which should be the prime agency in the Afghan Government for fighting corruption. Sources in the country team warn that the lack of genuine assistance reported in SIGAR's December 2009 report remains the same today.
- The bulk of the money actually spent inside Afghanistan went through poorly supervised military contracts and through aid projects where the emphasis was speed, projected starts, and measuring progress in terms of spending rather than results. The U.S. stood by as contracting became a process in which U.S. and foreign contractors poured money into a limited number of Afghan powerbrokers who set up companies that were corrupt and did not perform. The U.S. also failed to properly ensure that the few powerbrokers caught in extreme corruption did not form new corporations. In many cases, they also paid off insurgents to let them operate.
- Cargo movement in Afghanistan became a contract operation with private security forces. These cargo movement operations paid off the ANP, ANB, and often insurgents – helping to create legal and illegal checkpoints along most Afghan roads.
- The U.S. led an effort to create Afghan forces that took years to acquire meaningful resources and left key elements – especially the police – without adequate pay and with no real controls over how money was spent. When the U.S. finally assigned this a far higher priority, it set grossly over-ambitious goals that focus on quantity over quality and have massive shortfalls in U.S. and allied personnel. The U.S. and its allies could not manage the resulting contracting process.
- The ANSF force development and effectiveness rating system made no attempt to deal with the problem of corruption or make this a major element of measuring force effectiveness until 2010. The US and its allies focused on the threat and tactical considerations rather than the interactions between the ANSF and GIRoA and the Afghan people. In any case, working with corrupt officers and officials was tolerated or justified on the grounds of short term expediency without considering the broader impact on US, ISAF, ANSF and GIRoA credibility and the course of the war.
- No meaningful effort was made until late 2008 to calculate how pay compared to the pay offered by the Taliban or to ensure that large amounts of pay did not go to ghost forces or get stolen. This, in addition to the bribes by powerbrokers, narcotraffickers, and higher pay from private security forces, systematically corrupted the Afghan National Security Forces (ANSF) – especially the ANP, ANB, and officials in key ministries – and led to massive attrition within them.
- The U.S. separated police training from military training. It initially turned the police training program over to Germany with a focus on creating a regular police force. At the same time, it backed an ambitious but small rule of law program to transform the Afghan justice system. This decoupling of the police and rule of law programs still affects every aspect of prompt justice. The Taliban are now the source of prompt informal justice in many areas. The end result is a weak police force that, aside from ANCOP, lacks paramilitary capability, is not supported by the other elements of a justice system, and is wide open to corruption by powerbrokers.
- The U.S. pushed for fiscal reform and the creation of a modern banking system to replace the traditional Afghan reliance on the hawala system of money changers in an effort to halt the flow of funds to terrorist and extremists, but failed to create effective regulatory structure or consider the almost inevitable risk of influence peddling and speculation – helping in many ways to lead to cases like Kabul Bank and massive outflows of funds to banks in countries like Dubai.
- Aid involves lower spending levels but also has serious focus and fiscal control problems. Until 2009, little funding other than Department of Defense Commander's Emergency Response Program (CERP) funding went to meet the needs that Afghans found most urgent. Money was

allocated to medium and long-term development that often reflects donor concepts of aid priorities rather than real Afghan needs and made auditing and project controls even more difficult.

- If one looks at the functional use of U.S. aid, the spending on the civil aid and programs which Afghans needed most was even smaller. SIGAR reported in its July 30, 2010 quarterly report to Congress that civil and economic aid totaled less than \$17 billion.
- As of June 30, 2010, the U.S. had appropriated more than \$51.5 billion for relief and reconstruction in Afghanistan since FY 2002. This cumulative funding total is based on data reported by agencies and amounts appropriated in FY 2010. This total was allocated as follows:
  - nearly \$26.75 billion for security
  - *more than \$14.74 billion for governance and development*
  - nearly \$4.24 billion for counter-narcotics efforts
  - *more than \$2.05 billion for humanitarian aid*
  - more than \$3.72 billion for oversight and operations

These problems became worse with time. The flow of money increased in direct proportion to the seriousness of the fighting, the expansion of Taliban control, and a steady decline in Afghan security. Moreover, the lack of effective and honest governance meant that no one could count on keeping a government job or the security of a business. Afghans had to do what they could to survive and this meant that all saw a steady rise in corruption and the role of powerbrokers at every level. The end result was that corruption became an “existential necessity” for those who could get the money while other Afghans fell into deeper poverty and a steadily less secure life.

Until the U.S. shifted to a population-centric strategy in late 2009, the Afghan people were left without effective governance and without any coherent attempt to give them security. They had every incentive to take what they could from a corrupt government while they could. Given government and military salaries, many officials, military personnel, and police officers had little choice. Corruption not only took place at the top - it became an “existentialist” necessity at midlevels and the bottom.

These pressures were compounded by further U.S.-led failings and mistakes. The U.S. pushed for the eradication of narcotics in ways that made it remarkably easy for powerbrokers to keep making profits while using the eradication programs against their rivals. In the process, it pushed narcotics production into the hands of the Taliban and gave the enemy a major source of wealth. It also focused on a formal rule of law program so limited in scope and impact that the Afghan people were left with no source of prompt justice in many areas other than the Taliban, and the police had no functioning courts or jails. At the same time, the U.S. failed to seriously fund and staff the training of Afghan security forces until 2009. The police were so poorly paid and had so much authority that police corruption became a nightmare for many ordinary Afghans.

### **SIGAR Reporting in 2010**

These key problems persist in spite of efforts to correct them. Both the Special Inspector General for Iraqi Reconstruction (SIGAR), and the General Accountability Office (GAO)

have documented them in great detail. For example, SIGAR reported in its quarterly report to Congress of July 30, 2010 that

“In the past year, SIGAR has produced 24 reports, including audits of construction contracts and project management as well as performance reviews of large programs, such as the \$627 million that the Congress has earmarked for Afghan women and girls. As I testified on two occasions this quarter—once before the Commission on Wartime Contracting and once before the State, Foreign Operations Appropriations Subcommittee of the House of Representatives—our work has made me increasingly concerned about four issues that are impeding the reconstruction effort.

- lack of accountability and insufficient oversight by implementers
- inadequate attention to metrics
- inadequate attention to sustainability
- insufficient capacity building in Afghan institutions

“SIGAR’s work has identified a number of areas where implementing agencies could improve their ability to monitor projects and better account for reconstruction dollars. For example, U.S. agencies have no shared database of reconstruction contracts. Despite the recommendations of our audit last year, the United States still lacks an integrated management information system that would help agencies coordinate projects and track completed, ongoing, and planned reconstruction activities. Implementing agencies need accurate and timely information to ensure appropriate oversight.

“We must establish better metrics to use in determining whether a program is sustainable. This quarter, we found that the Capability Milestone rating system, which had been used since 2005 to measure the progress of the Afghan security forces, was unreliable. This audit underscored the critical need for good metrics. Similarly, our audit of the energy sector found that the U.S. government did not have an effective way to track progress toward delivering more electricity to the Afghan people.

“We must also give much greater thought to sustainability: all of SIGAR’s audits of infrastructure projects have identified operations and maintenance issues. For example, the Government of the Republic of Afghanistan is not yet able to operate and maintain any of the facilities that have been built to house the Afghan security forces. To protect our investment, the U.S. government is awarding two contracts—totaling \$800 million—to provide operations and maintenance for more than 650 security force facilities over the next five years. SIGAR is seeing similar sustainability issues throughout the reconstruction effort.

“...SIGAR is finalizing a review of U.S. assistance programs that are designed to help the GIRoA develop its anti-corruption capabilities. Although multiple U.S. agencies now conduct anti-corruption assistance programs, most of this assistance has been provided without the benefit of a comprehensive anti-corruption strategy. Although a draft strategy exists, a final strategy is urgently needed to guide and direct U.S. anti-corruption assistance.”

In August 2010, SIGAR issued a new audit report on corruption entitled, *U.S. Reconstruction Efforts in Afghanistan Would Benefit from a Finalized Comprehensive U.S. Anti-Corruption Strategy*. More than eight years into the war, SIGAR reported that the U.S. was finally beginning to spend more carefully but still lacked meaningful financial controls, meaningful measures of effectiveness, and any comprehensive anti-corruption plan:

“Since 2002, the United States has appropriated more than \$50 billion for reconstruction assistance in Afghanistan and the Obama administration has recently submitted budget requests for an additional \$20 billion to help the Afghan government build its capacity to defend itself and govern effectively. Whereas the majority of prior U.S. assistance bypassed the Afghan

government by providing funds directly to contractors and nongovernmental organizations, a new approach calls for significantly more U.S. assistance, up to 50%, to be channeled through the Afghan government.

“This means that billions of dollars in U.S. reconstruction funds will be channeled through the Afghan government. However, the success of this approach will depend to a large degree on the capacity of the Afghan government to manage U.S. reconstruction funds and protect them from waste, fraud, abuse, and other forms of corruption.

“Because corruption, widely acknowledged to be a pervasive, systemic problem across Afghanistan, corrodes the Afghan government’s legitimacy and undermines international development efforts, the United States has made strengthening the Afghan government’s capability to combat corruption a priority under President Obama’s Afghanistan strategy. However, to date U.S. reconstruction assistance to Afghanistan has been provided without the benefit of an approved comprehensive U.S. anti-corruption strategy.”

### **GAO Reporting in 2010**

Similarly, the GAO has issued a long series of reports warning about the problems involved since 2004. It reported in 2010 that

“USAID has cited the security environment in Afghanistan as a severe impediment to its ability to monitor projects. For example, USAID noted that solely traveling by road to visit alternative development, food assistance, and environmental projects in rural areas of northern and eastern Afghanistan is normally not allowed due to security constraints, and must consequently be combined with some air travel. However, air service in much of the north and east is limited during the winter months, which has complicated oversight efforts. Similarly, USAID officials are required to travel with armored vehicles and armed escorts to visit projects in much of the country. Consequently, as USAID officials stated, their ability to arrange project visits can become restricted if military forces cannot provide the necessary vehicles or escorts because of heightened fighting or other priorities. According to USAID, limited monitoring due to security concerns has heightened the risk of fraud, waste, and mismanagement of its resources.” (GAO-10-613R, May 5, 2010)

“In the absence of consistent application of its existing performance management and evaluation procedures, USAID programs are more vulnerable to corruption, waste, fraud, and abuse. We reported in 2009 that USAID’s failure to adhere to its existing policies severely limited its ability to require expenditure documentation for Afghanistan-related grants that were associated with findings of alleged criminal actions and mismanaged funds. To enhance the performance management of USAID’s development assistance programs in Afghanistan, we have recommended, among other things, that the Administrator of USAID take steps to: (1) ensure programs have performance indicators and targets; (2) fully assess and use program data and evaluations to shape current programs and inform future programs; (3) address preservation of institutional knowledge; and (4) improve guidance for the use and management of USAID contractors. USAID concurred with these recommendations, and identified steps the agency is taking to address them. We will continue to monitor and follow up on the implementation of our recommendations.” (GAO-10-932T, July 15, 2010).

“GAO has reported extensively on the need for agencies to have reliable information to manage and oversee work being performed to address challenges related to using contracts and grants. The lack of such information may inhibit planning, increase costs, and introduce unnecessary risk. For example, GAO reported last year that by not having insight into contractor provided services, DOD may lack needed information to efficiently allocate contracted services to support remaining U.S. forces in Iraq. GAO also previously determined that by not considering contractor and grantee resources in developing an Afghan assistance strategy, USAID’s ability to make resource allocation

decisions was impaired.” (GAO-10-509T, March 23, 2010)

“U.S. agencies have reported progress within counternarcotics program areas, but GAO was unable to fully assess the extent of progress due to a lack of performance measures and interim performance targets to measure Afghan capacity, which are a best practice for performance management. For example, although Defense is training Afghan pilots to fly interdiction missions on their own, this program lacks interim performance targets to judge incremental progress. Furthermore, a lack of security, political will, and Afghan government capacity have challenged some counternarcotics efforts. For example, eradication and public information efforts have been constrained by poor security, particularly in insurgency- dominated provinces. In addition, other challenges affect specific program areas. For example, drug abuse and addiction are prevalent among the Afghan National Police.” (GAO-10-291, March 2010)

## **Moving Towards a Viable Solution**

It is important to note that dealing with these problems does not require radical or untested solutions, and that much of the problem lies in the failure to decisively implement decisions that the country team and U.S. agencies have already recommended. What it requires is to look beyond the near-certain failure of an approach focused on anti-corruption drives. Instead, focus is needed on ending the lack of fiscal controls, transparency, and meaningful measures of effectiveness that turned Afghan corruption into a threat as serious as the insurgency.

### **Fully Implementing the Existing U.S. Anticorruption Strategy**

As SIGAR notes in its August 5, 2010 report on anticorruption, the country team and U.S. agencies in Washington have made efforts to develop and implement a comprehensive approach to corruption that would focus on correcting the mistakes that turned Afghan corruption from a low-level norm to a high-level crisis – although top-level leadership in Washington has failed to fully support these efforts and go beyond a narrow focus on anti-corruption drives:

“Since August 2009, U.S. agencies have developed a variety of plans and strategies that discuss corruption issues in Afghanistan. Some of the recently developed plans and strategies include:

- The United States Government Integrated Civilian-Military Campaign Plan for Support to Afghanistan was issued in August 2009. This plan provides guidance from the U.S. Chief of Mission and the Commander of U.S. Forces-Afghanistan to U.S. personnel in Afghanistan. The plan represents the collaborative effort of all the U.S. government departments and agencies operating in Afghanistan and is based on close collaboration with the International Security Assistance Force and the United Nations Assistance Mission in Afghanistan to build effective civilian and military mechanisms for integrated assistance. To achieve its stated goal of helping the Afghan government obtain full responsibility for its own security and administration, the plan includes measures to ensure that U.S. assistance does not feed corruption or abuse of power in the Afghan government. Some of these measures include avoiding close association with corrupt officials and institutions and using leverage to change the behavior of those who seek personal gain over service to the Afghan people.
- In January 2010, the Department of State’s Special Representative for Afghanistan and Pakistan issued a Regional Stabilization Strategy for Afghanistan and Pakistan that included a key initiative to “reduce corruption by strengthening institutions that can provide checks on

government power.” This was to be done by improving financial oversight, building judicial capacity to investigate, prosecuting and removing corrupt officials, and empowering the Afghan public to participate in transparent and accountable governance. The goals of this strategy were to strengthen Afghan institutions to provide checks on government power and to tackle visible corruption so that the Afghan people can see that change is happening.

“In August 2009, a multi-agency anti-corruption working group based at the U.S. Embassy in Kabul, but comprised of representatives from a number of U.S. agencies in Washington and Kabul, worked to develop a comprehensive Anti-Corruption Strategy for Afghanistan. A draft strategy was approved by the U.S. Ambassador to Afghanistan in October 2009. However, comments from Washington, D.C., resulted in changes. Subsequently, events relating to the Afghan national conference in December 2009 and the London Conference in January 2010 generated additional changes. The working group substantially revised the draft strategy again in March 2010, and the U.S. Ambassador to Afghanistan approved the revisions in April 2010. However, as of July 2010, the State Department in Washington had not approved the draft.

“The most recent draft of the strategy includes four pillars designed to work in concert with international anti-corruption policies to help the Afghan government:

- Improve the transparency and accountability of its institutions to reduce corrupt practices.
- Improve financial oversight.
- Build judicial capacity to investigate, prosecute, punish, and remove corrupt officials from power.
- Aid civil society organizations in educating and empowering the public to participate in transparent and accountable governance.

“Among other things, the draft strategy focuses on (1) leveraging diplomatic and assistance tools to develop the political will to take fighting corruption seriously, (2) reforming civilian and military procurement practices, (3) achieving significant reform and independence of the High Office of Oversight, and (4) disclosing public information to highlight government anti-corruption actions and provide Afghan citizens additional resources to participate in accountable, transparent governance.

“The draft strategy also incorporates operating principles to help ensure that (1) the Afghan government leads the effort to develop and implement its anti-corruption strategy, (2) assistance is linked to improved governance using metrics agreed upon in advance with the Afghan government, and (3) U.S. assistance is coordinated with a number of other donors, including the United Kingdom’s Department for International Development, the United Nations Development Program, and the World Bank.

“Further, the draft strategy provides guidance to help U.S. agencies improve accountability over reconstruction funds and fight corruption in Afghanistan by specifically:

- Revoking U.S. visas of corrupt Afghan officials, their families, and their colleagues.
- Certifying Afghan ministries that are capable of directly receiving U.S. assistance funds.
- Auditing aid and development funds provided directly to the Afghan government.
- Making greater use of electronic fund transfers in place of cash payments in U.S. government development activities.
- Implementing measures to improve perceptions of U.S. government contracting, such as minimizing layers of subcontracting, creating more opportunities for Afghan organizations to

receive direct grants, and comparing prices charged by contractors to market rates.

- Identifying and vigorously prosecuting any U.S. or contractor personnel involvement in corrupt practices, such as taking or giving of kickbacks in the contracting process.”

Many of these recommendations should have been implemented the day the U.S. began its intervention in Afghanistan. They should have been negotiated with our allies to ensure their broad application, made a key focus of UNAMA, and applied to all NGOs before they were allowed to operate in country or raise funds.

### **Emphasizing the Other Aspects of an Anti-Corruption Strategy**

The U.S. should not give up on the effort to “*build judicial capacity to investigate, prosecute, punish, and remove corrupt officials from power.*” It is an important part of any effort to improve Afghan governance and the rule of law. Efforts by senior U.S. officials and key Congressional figures like Senator John Kerry do serve a useful purpose. At the same time, the U.S. must accept the fact that the pace and intensity of such efforts will be limited by the legacy of nearly a decade of U.S. mistakes. It must deal with Afghanistan as it now is and work with the Karzai government. The U.S. also has other key priorities in improving the rule of law – such as creating Afghan government capability to use formal and informal legal procedures to displace the Taliban in providing the prompt justice that is an urgent need in Afghan society.

It should also be clear that virtually every anti-corruption drive in the history of the developing world has failed to make a major change in the political behavior of the society involved. The forces at work are too strong. They are the real internal system of national politics and not the professed opposition to corruption. There is virtually zero probability that classic anti-corruption efforts can have major impact on Afghan corruption on any scale beyond scapegoating and tokenism before the war is lost or won. Moreover, the U.S. cannot at this point ignore the fact that it must sometimes work with corrupt officers, officials, and contractors when the exigencies of war make this necessary.

However, there are steps the U.S. and other allied/donor governments can take directly and still count on popular support in the process. These include depriving Afghan officials, officers, and powerbrokers of access to military and civil contracts and aid money; ruthlessly prosecuting and penalizing U.S. and allied officials; doing the same to U.S. and non-Afghan contractors; and driving the corrupt out of business or out of office where this is possible. The same is true of publicly and privately outing corrupt Afghan officials, officers, and powerbrokers; favoring their more honest rivals; denying them and their family access to visas; and the full range of unilateral measures the U.S., its allies, and donor countries can take.

A major and transparent effort to do this could do much to restore the reputation of the U.S., allies, donors, and the UN with the Afghan people. It can help Afghans who are effective and use their money well to rise to the top. It can also help clearly distinguish

honest and capable NGOs from the multitudes that raise money without using it honestly or effectively.

### **Focusing Money on the Honest and Effective**

The myth that the Afghan government will be strengthened – rather than further corrupted – by shifting more aid to its control should be treated purely as a myth. It is a potentially dangerous and dysfunctional exercise in hollow political symbolism. Money should only go to relatively honest and effective officials, and this means directing funds away from not only corrupt Afghans but also honest and well-meaning Afghans who do not actually perform. People do not become more effective by having money thrown at them, and the Afghan people need to see practical competence and not simply good intentions.

The U.S. should target contract and aid funds carefully in both its military and civil programs. It needs to empower the honest and effective, whether they are military or civilians, and disempower the corrupt. U.S. efforts need to stop focusing on civil aid and focus even more on the waste, fraud, and abuse in military contracts – which are the key areas where the U.S. spends the most money.

There will be cases where some kind of formal internal waiver and certification process is necessary to deal with powerbrokers and corrupt officers and officials. Military necessity, however, has severe limits when it empowers insurgents and helps make the government and U.S. and ISAF appear or operate in ways that are ineffective and corrupt. Financial controls and audits are not a luxury when the short-term advantages of rapid action are offset by their cumulative negative impact.

### **Treat Concentrating Funds on the Central Government as a Dangerous Myth**

In the process, the U.S. needs to be far more systematic in building on the proven success of existing efforts to distribute money only through effective ministries, provincial governors, and district governors. At the same time, transparency can be a key weapon in both a positive and a negative sense. The U.S. can use tools like the web or briefings to the press and local councils and assemblies to clearly identify the flow of funds and their purpose. These tools can also help the U.S. make it clear when money is used well and who uses it well. They can also help publicly identify the officials and contractors who misuse the money by building a public history of their actions.

Similar care is needed in the case of the aid activity that is critical to success in “hold and build” at the local level. The “surge” in civilians and in U.S. military in civil-military functions – and the shift to a population-centric strategy – should be used to shift on a *de facto* basis to directly funding aid at the local level in ways that meet the most urgent needs of the Afghan people as expressed in Jirgas or local assemblies and that cut across given tribal, ethnic, and sectarian factions.

This technique is already being used by a number of aid efforts and Provincial Reconstruction Teams (PRTs). It not only deals with the time pressures of a “shape, clear, win and hold” strategy that brings the Afghan people together in ways in which the U.S. and ISAF respond to their needs rather than outside plans or the kind of “national branding” that imposes foreign priorities for development.

### **Prioritize Reducing Corruption in U.S. Contracting Over Reducing Afghan Corruption**

The U.S. in particular also needs to look beyond Afghan anti-corruption drives and make the public prosecution, fining, or debarment of U.S. contractors a high priority. Afghans (and U.S. contractors) need to see public and high profile cases where U.S. contractors are held accountable. This should include systematic overcharges, accounting “failures,” “missing” equipment, and payments to corrupt or ineffective foreign subcontractors – including private security forces.

Once again, this should mean identifying the many contractors who do perform well, but it also should mean high profile and very public outing of those who do not. It is also time to put an end to the excuse that reporting and basic fiscal and auditing procedure somehow impose a major burden. The tools for computerized easy, near real time reporting in the field are readily available in private industry. Contractors that cannot adapt them to Afghanistan should not be in Afghanistan. Or anywhere else.

### **Do Not Give NGOs a Free Pass**

A similar effort is needed to address NGOs. There are many extremely effective NGOs and they often make better use of their funds than governments. There also, however, are groups that have extraordinarily high overheads, who do very little, who start projects without regard to Afghan needs, and who fail to finish them. As is the case inside the U.S., and every ISAF country, NGOs and charities can be incompetent, corrupt, and grossly overpriced. The U.S. needs to subject at least those who raise funds in the U.S. to full scrutiny, require public financial statements and effectiveness reporting, and make it clear which NGOs perform well and which do not. This is also one case where the Afghan government may be willing to fully support an internal effort to provide better controls, and bar NGOs who do not perform.

### **Fully Empower U.S. Inspector Generals But Add a New Focus on Validating Requirements and Measures of Effectiveness**

Finally, the U.S. needs to think in terms of a much broader effort to ensure that funds are used properly and to provide transparency on both how they are spent and their effectiveness. The U.S. Executive Branch needs to take a hard look at just how badly it has failed to use either its own internal reporting or Inspectors General to control the impact of its spending on corruption and to develop any meaningful internal and public measures of effectiveness.

It is almost inexcusable that the U.S. Congress had to force an effective inspector general on the Executive Branch in the case of Iraq (the Special Inspector General for Iraqi Reconstruction, or SIGIR). It is absolutely inexcusable that the U.S. Congress has to wait several more years to try to force another inspector general on the Executive Branch in the form of the Special Inspector General for Afghan Reconstruction, that it then took years to fund and staff SIGAR, and that it still is only beginning to have the effectiveness of SIGIR and has focused narrowly on U.S. aid, rather than overall aid and military spending.

The U.S. needs to expand the role of SIGAR to cover military contracting and all ISAF and donor activity as well as aid. It needs to make the roles of the Department of Defense and Department of State Inspectors General far more proactive. Departments and agencies need to understand that other bodies like the General Accountability Office can play key roles in dealing with Afghan corruption. Once again, these are not luxuries or interference in the warfighting. They are key tools in ensuring effective civil-military operations.

At the same time, fiscal controls and audits are basically ways of dealing with existing failures and problems and not preventing them. They also tend to focus on the use of money rather than whether it should be spent and how effective it has been. These are areas where the Department of Defense, Department of State, USAID, and other agencies need to be forced into public reporting to Congress. The Department of Defense has shown in virtually every major area of operations since it was established that transparency is critical to effectiveness. It should provide at least an annual report on defense contracting and spending in Afghanistan. It should show where the money goes and that it is used efficiently and effectively. Rather than whining about the burden of reporting requirements, it should understand that they provide a critical source of outside review and pressure.

This is even truer of State and USAID. Nearly a decade into two wars, they have not demonstrated the ability to effectively plan and manage the civil side of war. Neither has provided anything like justification of their spending or the necessary effectiveness measures. Their reporting fails to provide meaningful program and project descriptions, focuses largely on spending levels, fails to validate the requirement for spending in any depth, and deals with effectiveness – if at all – largely in terms of project completion rather than their value or impact. It is all very well to talk about “soft” or “smart” power, but actually exercising it not only requires proper controls on the use of money, it requires the ability to show the money has the necessary impact.

### **The Problem of Priorities**

These same factors also highlight the fact that it is far easier to implement the new strategy – and win the war – by dealing with anti-corruption on the U.S., allied, international, and U.S. side than to give anti-corruption priority to the Afghan side at a time when Afghanistan is still an uncertain war zone. Afghans have made it clear that they have higher priorities. There is a need for visible anti-corruption efforts, but – as has

been highlight earlier – Afghans are far more concerned with security and local conditions than with corruption, and it is all too clear that a series of constant power struggles with various levels of the Afghan government is not going to win this war at its most critical moment.

It is equally clear that the war will be won or lost at the local level. It depends on whether the most urgent concerns of Afghans in each critical area of operations are met. That means that the U.S. and its allies must often put security first and improving conditions on the ground second, even if this means working with less than ideal Afghan officials and officers.

It also means that the U.S. and its allies must be exceptionally careful about triggering a long series of confrontations with President Karzai. The ACSOR/D3 Systems/Langer Research Associates poll found that “60 percent of Afghans said they are living better than their parents did, while just 18 percent said their lives are worse. Six in 10 men and women alike said so, as did majorities in each region of the country. The most negative views...were in the more heavily contested South, and the East, where one in four said their lives were worse than their parents’ had been.”

The poll also found that 72% of Afghans still supported President Karzai in May 2010, although this was down from 75% in December 2009, and only 27% strongly supported Karzai. This decline, however, must be kept in the context that support for democracy as the best form of government dropped from 32% in December to 23% in May 2010. Support for a “strong leader” (“where one man rules for life and has final say in all political matters”) rose from 23% to 30% -- reflecting growing popular concern over security and day-to-day living conditions. (Support for an Islamic state rose from 43% to 45%.)

Virtually all polls (and virtually all of the studies and reporting done in country) that have analyzed Afghan priorities have found that providing a lasting and effective security presence with minimal Afghan civilian casualties is the current priority in areas with significant violence and combat. This security presence is critical to the popularity of ISAF forces. Recent polls have found that Afghans do not feel that development can come until they have security:

People have different views about whether or not security is needed before reconstruction and development can take place. From the three options I am going to read to you, which one do you think applies in Afghanistan at this time. (5/24/10)

Security must be achieved before	57
Afghanistan can be re-built at the same time	35
Afghanistan can be re-built without having to focus on security	7

Polls have also found that most people want Afghans to run their government and affairs and not outsiders. This applies to both the “hold” and “build” phases of a conflict. For example, the ACSOR/D3 Systems/Langer Research Associates poll found that,

“as with previous polls in Afghanistan, underscores that public support is based on a mosaic of needs – not security alone, but reconstruction and economic development as well. At the same

time most Afghans, 57 percent, expressed the opinion that security is the necessary first condition, and that rebuilding the country can only follow.

“...In an important finding for reconstruction efforts, willingness for engagement was high. Eight in 10 Afghans said they’d be at least somewhat willing to participate in reconstruction work, and, among men who reported such projects locally, 89 percent said they’d be willing to participate in ‘community defense’ to protect them. Seventy-three percent of Afghans, moreover, said they’d be willing to start a new business if they had access to funding and training.

“There are, nonetheless, challenges for outside involvement. While Afghans broadly favor having ‘the international community’ substantially involved in financing and managing reconstruction and development projects, there’s a barrier to cooperation on the ground: Fifty-five percent of Afghans said they’re not willing to ‘work with a Westerner in the same place.’ Part of that is cultural; while 42 percent of men said they’re unwilling to work with Westerners, that soared to 69 percent among women. There’s a geographical aspect as well, and a counterintuitive one: Willingness to work with Westerners was lowest in the Central and Northern regions of the country – perhaps because greater stability there made it seem less necessary – while it peaked in the conflict areas of the South and East.”

Keep in mind that these results track in rough terms with other polling by groups like the International Council on Security and Development. The U.S. has limited time – at most a few years – in which it will have the political support to lead a coalition whose strategic goal is to create a more stable and secure nation that no longer presents the risk of being a center of international terrorism. Neither the U.S. nor its allies can hope to determine the end state in Afghanistan. It will take more than decade to reach anything approaching a truly stable Afghan state and it will be shaped by Afghans according to Afghan values and priorities. The U.S. can influence this process but scarcely by constantly confronting Afghan leaders at every level. It can accomplish far more in the near- and mid-term by putting its own house in order.

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<sup>i</sup> Dexter Filkins and Alissa J. Rubin, “Graft Fighting Prosecutor is Dismissed in Afghanistan,” *New York Times*, August 28, 2010

<sup>ii</sup> ACSOR/D3 Systems/Langer Research Associates, “Afghan Futures,” Sept. 3, 2010 Contact: Langer Research Associates, 212 456-2621; D3 Systems, 703 255-0884. The poll found that,

“**Security:** As frequently occurs in public sentiment, there were sharp differences between assessments of local conditions on one hand, and national priorities on the other. Perhaps surprisingly, 84 percent of Afghans rated the security in their own area positively. But they didn’t do so enthusiastically – 40 percent rated local security as “very good,” vs. 43 percent as just “somewhat good.”

And regardless of local conditions, security remained the predominant national concern: Fifty percent called security (or closely related matters) the single most important issue in

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bringing stability to Afghanistan, broad agreement on an open-ended question. All other answers were in the single-digits, led by education, reconstruction and reducing poverty. Local security ratings were variable: While just 15 percent nationally said the security in their area was bad or very bad, that spiked to 39 percent in the South. Still, 81 percent of Afghans overall said they were willing to travel outside their village (or neighborhood), and 73 percent were willing to travel outside their district – including sizable numbers even in the South (73 and 61 percent, respectively).

**Corruption:** There have been suggestions that widespread corruption may alienate Afghans from the Karzai government and encourage support for the Taliban. Corruption clearly is broadly recognized; last December, Afghans almost unanimously called it a problem. However its salience is somewhat muted. Few in this survey, 8 percent, mentioned corruption as the single most important issue in bringing stability to the country, and 23 percent mentioned it as one of the top three issues (peaking at 31 percent in the South). That compares to 50 percent, as noted, calling security the single top issue, and 75 percent calling it one of the top three concerns. While corruption may be a serious obstacle to progress, security reigns as the top concern. Similarly, a regression analysis based on the ABC/BBC/ARD poll in Afghanistan in December finds that concerns about corruption did not independently predict either opposition to the Karzai government or support for Taliban (which was very limited in any case). Ratings of local living conditions, security and future prospects did.

**Rebuilding:** Security isn't the only issue; reconstruction remains powerful in its own right, with water, roads, bridges and schools cited as the most pressing needs. Forty-four percent of Afghans said reconstruction led by the Afghan government, non-government organizations or Western forces has occurred in their area. The presence of these reconstruction efforts independently predicts optimism among Afghans for the country's direction, their own lives and their children's future, regardless of security. The more the impact of reconstruction is felt by the local population, the brighter its outlook. That result, as with previous polls in Afghanistan, underscores that public support is based on a mosaic of needs – not security alone, but reconstruction and economic development as well. At the same time most Afghans, 57 percent, expressed the opinion that security is the necessary first condition, and that rebuilding the country can only follow.

<sup>iii</sup> U.S. Special Inspector General for Afghan Reconstruction (SIGAR)

<sup>iv</sup> SIGAR, Quarterly Report to Congress, July 2010, p. 41. SIGAR states that, “The amount provided by the five major U.S. funds together represents 81.0% (nearly \$41.72 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, almost 82.9% (more than \$34.56 billion) has been obligated, and more than 73.1% (nearly \$30.50 billion) has been disbursed... cumulative appropriations as of FY 2010 increased by almost 30.1% over cumulative appropriations as of FY 2009, to more than \$51.50 billion. Since FY 2002, security efforts have received the largest cumulative appropriations. Appropriations for security (nearly \$26.75 billion) account for more

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than 51.9% of total U.S. reconstruction assistance. In FY 2010, security had a large gain in cumulative appropriations over FY 2009 (more than 32.5%), followed by governance and development (nearly 27.6%), and counter-narcotics (more than 20.8%).”