Building Integrity and Reducing Corruption in Defence

A Compendium of Best Practices

Volume II

Anti-corruption Effort in Conflict Zones: Lessons from Afghanistan

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Building Integrity Compendium of Best Practices

Introduction

Building Integrity (BI) has made great strides since the publication of "Building Integrity and Reducing Corruption in Defence Compendium, A Compendium of Best Practice" in 2010. The crucial role of good governance in the defence and security sector is much more widely understood and over 30 NATO Allies and partners are making use of BI tools and mechanisms to mitigate the impact of corruption; and improve the transparency, accountability and integrity of their defence and security sectors.

At the Warsaw Summit 9 June 2016, Heads of State and Government of the NATO Alliance endorsed the NATO BI Policy, recognising that "corruption and poor governance are security challenges that undermine democracy, the rule of law and economic development and erode public trust in defence institutions and have a negative impact on operational effectiveness." This represents a significant step forward in the development of BI and follows the approval of the BI Education and Training Plan in 2013.

The BI Compendium Volume I, focused on analysing corruption risks and improving good governance. This article, the first in a series which will eventually comprise the BI Compendium of Best Practice Volume II, aims to present the experience of Allies and partners in strengthening their national institutions and improving operational effectiveness. This includes lessons learned and good practice discovered through the BI Self- Assessment and Peer Review Process. Volume II will address concrete issues and nations' experiences in confronting these issues. The series of booklets to be published will over time become a 'library of best practice' for BI.

This article, written by Daniel Weggeland and entitled *Anti-corruption Efforts in Conflict Zones: Lessons from Afghanistan,* presents the author's experience from his service in Afghanistan with USAID and the Counterinsurgency Advisory and Assistance Team[1]. Future articles are planned to cover the experience of partners in implementing BI in their own defence establishments and case studies of other operational environments. This series will be a valuable addition to the BI toolkit, and we hope that BI practitioners will find them helpful in their efforts to promote good practice and good governance.

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[1] The views expressed in this article are solely those of the author.

ANTI-CORRUPTION EFFORTS IN CONFLICT ZONES:
LESSONS FROM AFGHANISTAN

Daniel Weggeland[2]

(Edited by Dr. F. Melese)

"There is a problem of corruption in Afghanistan, both in the Afghan government and in the manner the international community gives us assistance…and the lack of transparency. Those are the problems we are facing. And those are the problems we should handle on the Afghan side….and on the international side by our partners."[3]

H.E. President Hamid Karzai, 11 October 2010

Introduction

International support has afforded the Afghan state both an opportunity and a curse. With the help of foreign backers, Afghanistan has been able to undertake unprecedented initiatives such as advancing women's rights, and building larger security forces than domestic revenues could possibly support. At the same time, foreign intervention has challenged cultural norms and largely insulated the state from the full consequences of weak government institutions. Perhaps the most serious challenge to the credibility and future stability of the state is the widespread rise of corruption.[4] As Astri Suhrke points out, "Rentier states [including Afghanistan throughout much of recent history][5] are not necessarily corrupt, but states

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[2] The views and examples presented in this essay are the personal responsibility of the author alone and do not reflect the official position of NATO, the United States Government, or the Office of the Special Inspector General for Afghanistan Reconstruction.

[3] As reported in the Proceedings of the 2011 NATO Building Integrity Conference

[4] In 1975, political scientist Charles Tilly offered his famous aphorism, "War made the state, and the state made war," (p. 42) when he argued that war and the threat of war was the crucible through which only victorious states emerged. According to Tilly's Darwinian conception of competitive state-building, successful states undertook the necessary institutional adaptations to extract resources, build an effective security apparatus, and, in turn, develop as a functioning state. War raises the stakes and highlights deficiencies in the various aspects of state power that are rallied to further state legitimacy and authority. In the same book examining the history of state formation in Europe, Tilly's fellow authors argued that there is "no satisfactory means to measure and to compare the performance of different administrations in earlier modern times [meaning the] degree of corruption can only be guessed." (p.460) Corruption may have an agreed upon dictionary definition but is subject to multiple, conflicting interpretations when applied to specific historical, as well as contemporary, cases. Accusations of corruption may masquerade as empirical evidence with political considerations proving the ultimate determinant for whether to, as well as not to, sanction the corrupt. (See Tilly and Ardant, *The Formation of National States in Western Europe*, 42.)

[5] According to the World Bank, the Afghanistan state construct has long been dependent upon foreign funding, "Historically, [Afghan regimes] rarely had to mobilize large revenues from its own people to cover costs and provide

with very high levels of foreign aid are likely to also have high levels of corruption."[6] This publication discusses corruption challenges in Afghanistan that offer valuable lessons for NATO and its partners to anticipate and counter corruption in conflict zones.

Since 2001, Afghanistan's greatest advantage over its opponents has arguably been the direct result of an unprecedented level of international civilian and military support.[7] According to the World Bank, by 2010/2011 foreign aid contributions excluding coalition military spending (the orange line in Figure 1) nearly matched Afghanistan's gross domestic product (GDP). Foreign assistance actually surpassed Afghanistan's estimated GDP in 2007/2008.[8]
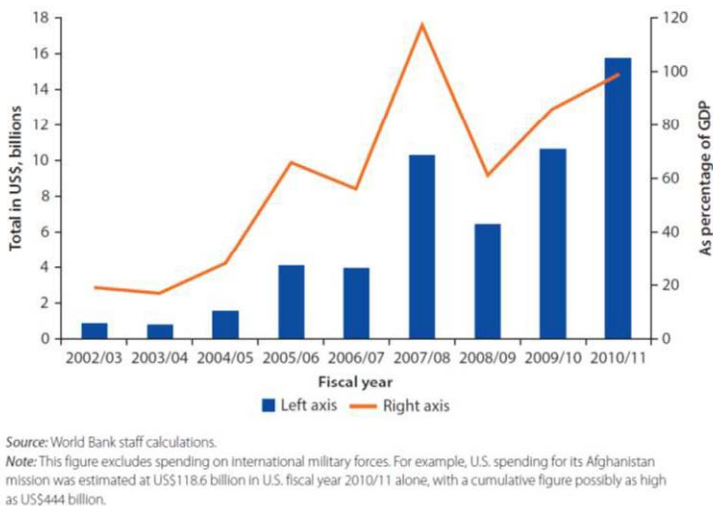

Figure 1 - Aid Trends in Afghanistan

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services, so **this aspect of the social contract between state and society has been missing**. Instead, the historical pattern was often to use external resources to 'buy loyalty' and provide security and political stability." (emphasis added). Hogg et al., *Afghanistan in Transition: Looking beyond 2014*, 32–33.

[6] Suhrke, *When More Is Less*, 132.

[7] The UN reported that according to ISAF estimates, the annual costs for Taliban attacks in 2011 were between $100 and $155 million with the remainder of $400 million in Taliban revenues going to maintaining the insurgency. Analytical Support and Sanctions Monitoring Team, *First Report of the Analytical Support and Sanctions Implementation Monitoring Team Submitted pursuant to Resolution 1988 (2011) Concerning the Taliban and Associated Individuals and Entities*, 13.

[8] Hogg et al., *Afghanistan in Transition: Looking beyond 2014*, 41–42.

Afghanistan's federal budget is exceptionally dependent on direct donor funding. By the second quarter of Afghanistan's fiscal year 1393 (which runs from December 21, 2013 to December 20, 2014), over 65 percent of Afghanistan's budget revenues came from donor grants.[9]

In their attempt to build a secure, prosperous and peaceful state, the government of Afghanistan is inexorably linked with the international community.[10] Unfortunately, as long as those working for the new government fail to recognize and face genuine consequences for corrupt activities, a secure, prosperous and peaceful state will remain elusive. Increasing transparency and accountability in the state's institutions, and building integrity of the people who staff those institutions, is critical to minimize corruption risks and establish peace and prosperity.[11] However, when a state, its institutions, and officials largely depend on outside powers for security, financial and administrative support, they often fail to seize opportunities to enact governance reforms necessary to minimize corruption. Like quick-sand, the more the international community contributes, the more they can find themselves trapped by their partner's failures.

A perverse incentive can emerge in which the international community comes to desire victory more than some leaders in conflict zones. This, in turn, makes for an iterative game of chicken in which state failure elicits further offers of international support to prevent defeat and catastrophic loss by the international community of its prior investments. To modify an observation made in 1972 by Robert Komer about the Vietnam conflict on the symbiotic relationship between the U.S. and its South Vietnamese ally, the U.S. and its NATO partners risk becoming prisoners to the Afghan government – the classic trap into which many great powers have so often fallen in relationships with weak allies. Fragile governments can use their weakness as leverage to extract more resources from the international community.[12]

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[9] Ministry of Finance, *Quarterly Fiscal Bulletin: Q2 1393*, 2.

[10] The Afghan state, and its security institutions, remains a primary instrument through which the international community, and the United States in particular, seeks to advance its security interests. Deese, "Letter from the Acting Director, Office of Management and Budget, to the President of the United States."

[11] In an armed conflict public officials face risks in engaging in corrupt activities, and equally may face risks in not engaging in those activities. These can take many forms including physical, reputational, economic, and political risks.

[12] Komer, *Bureaucracy Does Its Thing: Institutional Constraints on U.S.-GVN Performance in Vietnam*, 35.

LESSON 1: *There is a risk that countries in conflict that depend heavily on outside donor support, may be relatively less inclined to resolve those conflicts in order to sustain corrupt activities that benefit powerful networks and individuals.*

The international community recognizes these risks, and has attempted to mitigate corruption in Afghanistan through two main lines of effort: by increasing transparency and improving accountability.[13] *Anti-corruption* measures that increase transparency reduce opportunities for corruption and help detect and deter bad behavior. *Counter-corruption* efforts involve attempts to improve accountability through enforcement actions that sanction corrupt actors, primarily through the legal system.

Despite the best efforts of dedicated anti- and counter-corruption organizations, a U.S. retrospective analysis found an overall environment that fostered corruption, a widespread culture of impunity, and insufficient political will on the part of the Afghan government to combat corruption.[14] According to the report, several international and interagency organizations were formed to identify corruption risks, elevate these risks for careful consideration in operational planning, and ultimately to mitigate and counter these risks. The report concludes that, U.S. anti- and counter-corruption efforts in Afghanistan faced significant challenges that raise serious questions for future contingencies.

This publication will examine how efforts aimed at increasing transparency (anti-corruption), and improving accountability (counter-corruption) fared in the fight to reduce corruption in Afghanistan. A strong recommendation from this report is to carefully shape the division of risks and responsibilities between the international community and the host government. The author's experience as a USAID interagency development lead, and as an ISAF advisor,[15] highlights the difficulty interagency personnel face coming to agreement on who is "corrupt," what to do about corrupt actors, and the poor track record of corruption-related prosecutions by the Afghan judicial system. It also reveals harmful distortions introduced inadvertently by the international community's management practices.

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[13] See Chapter 2 in T. Tagarev (2010) "Building Integrity and Reducing Corruption in Defence: A Compendium of Best Practices," NATO/DCAF.
http://www.nato.int/nato_static/assets/pdf/pdf_topics/20120607_BI_Compendium_EN.pdf
[14] Joint and Coalition Operational Analysis (JCOA), *Operationalizing Counter/Anti-Corruption Study*, 1–2.
[15] This perspective draws heavily on the author's work in Afghanistan from 2008 to 2011 workingd for a United States Agency for International Development (USAID) implementing partner, for USAID as an interagency development lead for three provinces, and for the International Security Assistance Force (ISAF) as an adviser on military development assistance.

LESSON 2: *Efforts to reduce corruption should first focus on anti-corruption initiatives that increase transparency to help detect and deter corrupt activities, and second on counter-corruption actions to improve accountability including legal enforcement actions to identify and prosecute "bad" actors.*

Balancing risk and responsibility between outsiders and the Afghan government requires both sides to have clarity over security goals, and over other objectives such as agreed conditions for assistance. Division of risk and responsibility requires identifying key stakeholders and ensuring that incentives (and disincentives) are properly aligned to influence target individuals and organizations. Ideally, the division of risk and responsibility includes adequate surveillance (transparency) to identify and respond to noncompliance, backed up by immediate and appropriate sanctions (accountability) for corrupt actions. While risk and responsibility sharing may vary at different echelons of government, the goal is the same regardless of its manifestation at the tactical, operational, or strategic level (or alternatively at the district, province, or state-to-state level).

Recognition of the Challenge of Corruption and its Impacts

In a rare case of convergence, combatants on both sides often cite corruption as a central driver of conflicts. Afghanistan's corruption issues are widely recognized as a major contributor to its economic and security challenges.

Military commanders are often the first to recognize the threat posed by corruption. Following his command of U.S. forces in Afghanistan, Lieutenant General David Barno in 2006 identified corruption as one of the "centrifugal internal forces pulling Afghanistan apart."[16] In an initial assessment as ISAF commander in 2009, General Stanley McChrystal found corruption is one reason "Afghans [have] little reason to support their government."[17] In 2010, ISAF Commander General David Petraeus issued guidance that identified critical risks to ISAF's mission due to corruption caused by insufficient oversight and a rush to expend funds. His guidance made contracting not simply the purview of contracting officers, but also the responsibility of commanders, or "Commander's business."[18] By 2013, the outgoing ISAF commander, General John Allen, concluded that "Corruption is the existential, strategic threat to Afghanistan."[19] A year later in 2014 testifying before the U.S. Senate he stated the Taliban are "an

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[16] Koontz, *Enduring Voices: Oral Histories of the U.S. Army Experience in Afghanistan 2003-2005*, 17.
[17] Brand, *General McChrystal's Strategic Assessment: Evaluating the Operating Environment in Afghanistan in the Summer of 2009*, 2–4.
[18] Petraeus, "COMISAF's Counterinsurgency (COIN) Contracting Guidance."
[19] Joint and Coalition Operational Analysis (JCOA), *Operationalizing Counter/Anti-Corruption Study*, 1.

annoyance compared to the scope and magnitude of corruption with which [Afghanistan] must contend."[20]

Meanwhile, insurgent groups routinely include corruption-related injustices in their own information operations and propaganda.[21] In his 2010 Eid al-Adha message, Taliban leader Mullah Mohammed Omar reportedly echoed international concerns regarding corruption: "[T]he rulers of the [Afghanistan] regime have been installed by others and they are not interested in the future and prosperity of the country. They are only hankering after filling their pockets with money and fleecing the masses."[22] In a 2009 study on motivations for joining insurgent groups in Afghanistan, Sarah Ladbury found "corruption and partisanship at the provincial and district level was consistently cited [by respondents] as a major reason for supporting the Taliban...in all field study areas and particularly in Kandahar."[23]

LESSON 3: *Government corruption is a mission critical threat in conflict zones and can serve as a recruiting tool for insurgents.*

Former Afghan president Hamid Karzai acknowledged the presence of corruption, calling it a "bitter reality," and stating in 2012 that corruption had "reached its peak in [Afghanistan]."[24] Unfortunately, he discounted the impact of petty bribery by Afghan government personnel, and instead placed the blame squarely on the international community: "We are not to be blamed for [the largest part of the corruption problem]. That is not our fault."[25] Karzai was especially critical of how the international community awarded and managed foreign assistance, offering that "If America wants corruption to stop, then stop this."[26]

Anti- and counter-corruption efforts began in earnest in 2008 with the establishment of several dedicated international and Afghan government organizations. In 2008 the Afghanistan Threat Finance Cell was formed, followed in 2009 by the establishment of Task Force Nexus, and in 2010 by the establishment of Task Forces 2010 and Shafafiyat (which translates into "transparency" in Dari), and finally in 2012 with the establishment of CJIATF-A. If success could be calculated by the number of organizations focused on the problem, then this time period would have been the height of effectiveness. A brief description of these organizations, along with key Afghan government counterparts, appears in Table 1.

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[20] Allen, *A Transformation: Afghanistan Beyond 2014*, 4.

[21] United Nations Office on Drugs and Crime, *Addiction, Crime and Insurgency: The Transnational Threat of Afghan Opium*, 141.

[22] Peter, "NATO Reads Weakness in Taliban Leader Mullah Omar's Annual Eid Statement."

[23] Ladbury, *Testing Hypotheses on Radicalisation in Afghanistan: Why Do Men Join the Taliban and Hizb-I Islami? How Much Do Local Communities Support Them?*, 7.

[24] Partlow, "President Hamid Karzai Calls on Afghans to Fight Corruption."

[25] "Karzai Blames Foreigners For Corruption."

[26] Partlow, "President Hamid Karzai Calls on Afghans to Fight Corruption."

	Year Established	Mandate
		International
Afghanistan Threat Finance Cell	2008	A joint Treasury, State, and Defense Department initiative[27] to identify and help disrupt the material and financial funding streams that were supporting the Taliban and other terrorist organizations.[28]
Task Force Nexus	2009	Provide actionable intelligence and information that enabled operations focused on interdicting and disrupting the networks (particularly related to narcotics) that posed a threat to the stability and viability of the Afghan government.[29]
Task Force 2010	2010	Help commanders and acquisition teams better understand with whom they are doing business and recommend actions that deny power-brokers, criminal, and insurgent actors the opportunity to benefit from diverted U.S. contracting dollars and government-funded equipment and supplies, thus undermining the U.S. government's reconstruction and counterinsurgency efforts.[30]
Combined Joint Interagency Task Force – Shafafiyat	2010	Integrate military intelligence and law enforcement information and evidence to map criminal patronage networks and generate a common understanding of the problem.[31]
Combined Joint Interagency Task Force – Afghanistan	2012	Synchronize and focus strategic counter corruption, counter narcotics, counter threat finance, and "No Contracting with the Enemy" activities in order to deny resources to the nefarious actors and enhance transparency and accountability within the Afghan government.[32]

[27] Department of the Treasury, "Budget in Brief FY 2010," 13.
[28] Freeman and Kator-Mubarez, "Kirk Meyer, Former Director of the Afghan Threat Finance Cell."
[29] Department of Defense, *Report on Progress Toward Security and Stability in Afghanistan*, October 2011, 89. Joint and Coalition Operational Analysis (JCOA), *Operationalizing Counter/Anti-Corruption Study*, 4.
[30] Special Inspector General for Afghanistan Reconstruction, *Contracting with the Enemy: DOD Has Limited Assurance That Contractors with Links to Enemy Groups Are Identified and Their Contracts Terminated*, 4.
[31] Department of Defense, *Report on Progress Toward Security and Stability in Afghanistan*, November 2010, 62.(p. 62)
[32] International Security Assistance Force, "Combined Joint Inter-Agency Task Force - Afghanistan."

Afghan		
High Office of Oversight and Anti-Corruption	2008[33]	Highest Afghan government office for the coordination and monitoring of the implementation of the Anti-Corruption Strategy and for the implementation of administrative procedural reform.[34]
Anti-Corruption Unit (Attorney General's Office)	2011[35]	Prosecute economic crimes that may have been committed in connection with the Kabul Bank collapse[36]
Major Crimes Task Force (National Directorate of Security and Ministry of Interior)	2010[37]	Investigate senior-level corruption, organized criminal networks, and high-profile kidnappings and develop cases for prosecution by the Afghan Attorney General's Office.[38]

Table 1 - Select International and Afghan Anti- and Counter-Corruption Bodies

Numerous surveys and international indices attest to widely held concerns regarding corruption. Starting in 2005, Transparency International tracked the steady downward progress of Afghanistan's relative ranking in its annual Corruption Perceptions Index. By 2012 and 2013 Afghanistan reached a low point when it tied for the most corrupt country alongside North Korea and Somalia.[39] By 2014, Transparency International assessed Afghanistan as the third most corrupt country,[40] a negligible improvement.

Other surveys, notably those conducted on behalf of the United Nations Office on Drugs and Crime (UNODC), and the non-governmental Integrity Watch Afghanistan (IWA), attempted to capture Afghan citizens' personal experiences with corruption. According to a 2012 UNODC survey, half of respondents had to pay at least one bribe to a public official in the previous year, down from a reported 59 percent in

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[33] High Office of Oversight & Anti-Corruption, "History of the HOOAC."
[34] High Office of Oversight & Anti-Corruption, "High Office of Anti-Corruption: Who Are We?".
[35] Attorney General's Office, "Public Statement by Office of the Attorney General On Progress in Prosecution of Economic Crimes in Afghanistan and Development of Economic Crimes Strategy."
[36] Da Afghanistan Bank, "Public Statement on Progress in Prosecution of Economic Crimes in Afghanistan."
[37] Special Inspector General for Afghanistan Reconstruction, *U.S. Agencies Have Provided Training and Support to Afghanistan's Major Crimes Task Force, but Reporting and Reimbursement Issues Need to Be Addressed*, 1.
[38] Ibid., 1–2.
[39] Transparency International, "Corruption Perceptions Index 2012." Transparency International, "Corruption Perceptions Index 2011."
[40] Transparency International, "Corruption Perceptions Index 2014."

2009.[41] Meanwhile, IWA reported in 2014 that 21 percent of respondents reported a personal experience with corruption in the previous year, with 73 percent those (roughly 15 percent of respondents) resulting in a bribe paid with money or a gift. Although possibly within margins of error for the surveys, this finding can be contrasted with the 2012 IWA survey in which 18 percent of respondents reported a personal experience with corruption, and appears to be an improvement over the 23 percent who reported an incident in 2010.[42] The large discrepancy between the UNODC and IWA studies suggests that while decision-makers are broadly aware of corruption risks that face Afghans, they still lack well-calibrated measures to obtain a clear understanding of the magnitude of that risk.[43]

Limits of Counter-Corruption Efforts

"The persistent lack of political will on the part of [the Afghan government] rendered almost all counter-corruption efforts moot."

Operationalizing Counter/Anti-Corruption Study, Joint and Coalition Operational Analysis (JCOA)[44]

Counter-corruption accountability and enforcement actions to punish individuals for corrupt activities require a higher standard of evidence than anti-corruption transparency measures designed to detect and deter corrupt activities. Counter-corruption enforcement actions can be pursued through the legal system or dealt with administratively. For enforcement actions to be justified, counter-corruption investigations must *prove* - to a relevant standard - that a person, company, or organization committed a specific corrupt act. The experience from Afghanistan demonstrates clear limitations to counter-corruption efforts, particularly when enforcement actions must be taken by host government authorities.[45]

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[41] United Nations Office on Drugs and Crime, *Corruption in Afghanistan: Recent Patterns and Trends*, 5.

[42] Isaqzadeh and Kabuli, *National Corruption Survey: 2014*, 28–30.

[43] Beyond the broad conclusion that corruption remains a problem, however, the utility of these surveys is questionable. It is unclear, for example, how one reconciles the significant percentage difference UNODC and IWA studies that ask essentially the same question of their respondents. Methodological and sampling questions aside— IWA noted, for example, that the more respondents reported the presence of the Afghan government, the greater the view that corruption is a problem—surveying can only go so far. For example, would a finding of 21 percent personal experience with bribery be acceptable per the UNODC study but unacceptable per the IWA study?

[44] Joint and Coalition Operational Analysis (JCOA), *Operationalizing Counter/Anti-Corruption Study*, 22.

[45] Unfortunately, corruption is a clandestine activity that defies easy observation. General awareness generated from anti-corruption efforts may be enough to inform more pragmatic programming but not enough to develop counter-corruption cases for specific acts of corruption. Before one can prosecute or administratively punish a supposed act of corruption, one must have agreement that action is warranted. In the case of Afghanistan, this not only meant reaching agreement between different international actors but also agreement with a notoriously corrupt Afghan judicial system--a multi-leveled game that complicates both anti- and counter-corruption efforts.

Dedicated counter-corruption organizations, such as the Combined Joint Interagency Task Force – Shafafiyat (Shafafiyat) – gathered evidence in support of counter-corruption cases and encouraged their Afghan government counterparts to sanction corrupt individuals through Afghan systems. However, according to the first director of the Afghan Threat Finance Cell, attempts by the U.S. government to refer cases of high-level corruption for prosecution by the Afghan government "were repeatedly derailed because of political concerns."[46] The JOCA report concludes that counter-corruption efforts were mostly a failure due to insufficient political will by the Afghan government. [47] A solid environment of accountability for counter-corruption enforcement actions did not exist. As noted by Brig. Gen. H.R. McMaster, the first Shafafiyat commander, "[criminal networks] have captured, in large measure, the [Afghan] justice sector."[48]

In a high-profile test of cooperation, international law enforcement personnel partnered with the Afghan Major Crimes Task Force (MCTF) to arrest Mohammed Zia Saleh, a member of Afghanistan's National Security Council, on charges of corruption after he reportedly received a vehicle as a bribe.[49] Shortly after the arrest, however, President Karzai intervened to order the release of Mr. Saleh, recounting in an interview "I intervened very, very strongly." A commission created by President Karzai to investigate the arrest and the role of the MCTF concluded the MCTF violated the human rights of suspects.[50] This early case set an unfortunate precedent for future counter-corruption efforts.

Despite these challenges, there were some successes. One particular counter-corruption case involved the Dawood National Military Hospital. This case resulted in the removal, but not prosecution, of General Ahmed Zia Yaftali, the Afghan Army's Surgeon General. General Yaftali was accused of stealing key medical supplies that resulted in the deaths of Afghan soldiers. Although ultimately successful, removal of the surgeon general required the personal intervention of then ISAF commander General Petraeus to convince President Karzai. Although the Shafafiyat organization had provided evidence against Yaftali a year earlier, President Karzai continued to demand more evidence until Petraeus finally became personally involved.[51]

To reinforce domestic efforts, the international community attempted to work with Afghan government anti- and counter-corruption partners to build capacity. The international community offered skills

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[46] Freeman and Kator-Mubarez, "Kirk Meyer, Former Director of the Afghan Threat Finance Cell."
[47] Joint and Coalition Operational Analysis (JCOA), *Operationalizing Counter/Anti-Corruption Study*, 22.
[48] Ibid., 23, 32–34.
[49] Trofimov, "Karzai and U.S. Clash Over Corruption: Afghan President Orders Probe of Task Force After Aide's Arrest for Bribery; Pakistan Leader Says Coalition Has 'Lost.'"
[50] Schmitt, "Karzai Admits Helping Free Aide Accused of Graft." Tait, "Karzai Risks Conflict With U.S. In Bid For Control of Afghan Anticorruption Body."
[51] Abi-Habib, "At Afghan Military Hospital, Graft and Deadly Neglect." Rosenberg and Bowley, "Intractable Afghan Graft Hampering U.S. Strategy."

training and experience in the hope of mobilizing a few potential change agents within largely dysfunctional institutions. However, there was little appetite on the part of the Afghan government to take up these offers. The U.S. State Department reported the Anticorruption Unit within the Afghan Attorney General's Office was unreceptive to State and Department of Justice entreaties despite long-standing offers of assistance.[52] A USAID program meant to build the capacity of the Afghan High Office of Oversight and Anticorruption (HOO) found toward the end of its three-year program that HOO refused to share necessary information.[53] Within Afghan security ministries, the U.S. Department of Defense (DOD) partnered with various transparency and accountability organizations but assessed those counter-corruption efforts to be largely ineffective. According to DOD, the Afghan MoD Inspector General was focused primarily on "protecting members of his political network."[54] Despite what appears to have been an ample supply of assistance by the international community, there was little demand for such assistance by the Afghan government. Counter-corruption capacity building requires host government demand to match the supply of international technical assistance.

LESSON 4: *The establishment of a proliferation of anti- and counter-corruption institutions by a host government can hinder, rather than help, international efforts to combat corruption.*[55]

While international organizations had alternatives for sanctioning suspected corrupt individuals, without need for referral to Afghan authorities, reaching agreement on whether someone was engaged in corrupt activities often proved problematic. Military and civilian members of Provincial Reconstruction Teams (PRTs) and other interagency organizations were often involved in repeated, passionate, and heated debates over how to react to Afghan government officials accused of corruption. Partisans for one side or the other would produce their, often highly subjective, evidence and seek to convince the other of the validity of their cause.[56] Those who had close working relationships with alleged corrupt individuals often dismissed any and all corruption concerns as mere rumors, while those claiming specific individuals were

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[52] Special Inspector General for Afghanistan Reconstruction, *Quarterly Report to the United States Congress*, October 30, 2014, 157.

[53] In its final quarter, the program was only able to claim revising the terms of reference for various HOO positions; reviewing and revising a draft policy on Tobacco, Drugs, and Narcotics Free Workplace; and piloting a digital data-entry system as its successes. Overall, USAID and State assessed the HOO as dysfunctional, ineffective, and politicized. Special Inspector General for Afghanistan Reconstruction, *Quarterly Report to the United States Congress*, October 30, 2013, 137–138. Special Inspector General for Afghanistan Reconstruction, *Quarterly Report to the United States Congress*, April 30, 2014, 148.

[54] Special Inspector General for Afghanistan Reconstruction, *Quarterly Report to the United States Congress*, October 30, 2014, 159.

[55] Joint and Coalition Operational Analysis (JCOA), *Operationalizing Counter/Anti-Corruption Study*, 33–34.

[56] Carter Malkasian, a State Department officer who spent two years in Garmser District, Helmand Province, recounted how even accusations of corruption (many of which he assessed as unsubstantiated) created an opening for political rivals to remove a district police chief he considered effective. Malkasian, *War Comes to Garmser*, 254.

corrupt, frequently lacked tangible evidence.[57] Arguments often raged between peers of equivalent rank across the interagency, rather than being referred to an objective and unbiased higher-level official. Consensus rarely emerged and different camps continued to pursue questionable activities, managing resources under their control as they saw fit.[58] In the few cases where an interagency consensus did emerge, the case could be sent to the Joint Prioritized Shaping and Influence List (JPSIL).

Accountability Enforcement Mechanism: JPSIL was a NATO ISAF process designed to track "negative influencers," including corrupt Afghan government officials. Once someone was added to the JPSIL, international forces were directed to limit their public engagements with those individuals in order to prevent any appearance of coalition support. Proponents of JPSIL have noted that some negative influencers were subsequently removed from their position by the Afghan government.[59] However, there are several cases in which a government official was removed – either due to a formal JPSIL process or through other means – only to be re-appointed to an equivalent position elsewhere. It is unclear what, if any, effect public distancing or removal from office had on "negative influencer" actions.[60]

LESSON 5: *The decision-making involved in determining who is corrupt, an assessment of the impact/consequences of the corrupt activity, and ultimately what enforcement actions to take in response, is an under-appreciated and poorly understood aspect of counter-corruption efforts.*

Accountability Enforcement Mechanism: Suspension and disbarment can help overcome the challenge of limited foreign military jurisdiction over Afghan nationals and Afghan companies.[61] John Sopko, the U.S. Special Inspector General for Afghanistan Reconstruction (SIGAR), repeatedly expressed frustration with limited utilization of this tool, writing "It is troubling that our government can and does use classified information to arrest, detain, and even kill individuals linked to the insurgency in Afghanistan, but apparently the same classified information cannot be used to deny these same individuals their rights to contract work with the U.S. government."[62]

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[57] In one instance of passionate debate, a military colleague with whom I had an otherwise productive working relationship argued that a particular Afghan government official was "too wealthy to be corrupt."

[58] I have spoken with other U.S. interagency personnel who faced similar disagreements between international civilians and military, between military commanders and their subordinates, and between civilians of the same or different agencies. Determining who is right and who is wrong in such arguments usually came down to one's trust in a partisan's reputation and reasoning as well as a consideration of the costs associated with acting upon accusations of corruption than any particular empirical evidence.

[59] Hooker, JR, "Operation Enduring Freedom X: CJTF–82 and the Future of COIN," 146.

[60] The author is not aware of a study on this topic.

[61] Special Inspector General for Afghanistan Reconstruction, *Quarterly Report to the United States Congress*, April 30, 2013, 53.

[62] Special Inspector General for Afghanistan Reconstruction, *Quarterly Report to the United States Congress*, July 30, 2014, iii.

LESSON 6: *A method for sanctioning suspected corrupt individuals or companies is through suspension and disbarment which prevents an individual or company from receiving contracts or awards from international partners.*

Counter-corruption approaches have faced barriers that significantly hindered their effectiveness in punishing corrupt individuals. It is possible the Karzai administration was an anomaly. The newly elected Ashraf Ghani administration highlighted corruption as a key challenge and claims to have "reinstated optimism and hope through bold initiatives towards fighting corruption." [63] However, the compromise unity government structure that has both a president (Ashraf Ghani) as well as a chief executive officer (Abdullah Abdullah) representing competing factions may impose limits on how vigorously counter-corruption efforts are pursued.

LESSON 7: *Decisions to prosecute or administratively punish individuals or companies can be as political as the decision not to.*

The counter-corruption experience of the past several years is predominantly one of frustration and failed leverage that even in the most egregious cases of corruption showed only limited success after the expenditure of tremendous effort.

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[63] Islamic Republic of Afghanistan, *Realizing Self-Reliance: Commitments to Reforms and Renewed Partnership*, 4.

The Anti-Corruption Challenge: Are we are own worst enemy?

> "We did exacerbate the problem [of corruption] with lack of transparency and accountability built into the large influx of international assistance that came into a government that lacked mature institutions."

> Major General H.R. McMaster, former commander Combined Joint Interagency Task Force – Shafafiyat [64]

> "People, companies, and agencies need to be held seriously accountable for stupid decisions, dereliction of duty, corrupt behavior, and subpar performance. Otherwise, we simply foster the expectation that additional waste, fraud, and abuse will be tolerated in the future, and only those who can shove the money out the door or meet the required 'burn rate' are to be promoted and rewarded."

> John Sopko, U.S. Special Inspector General for Afghanistan Reconstruction (SIGAR)[65]

The international community inadvertently contributed to corruption in Afghanistan by introducing large distortions in the traditional economy. This involved anything from distorting local salaries to lack of due diligence in rushing into contractual arrangements. For this reason, anti-corruption reforms designed to increase transparency to detect and deter corruption are especially relevant since they are largely within the control of the international community. Anti-corruption procedures require application of transparent contractual standards and controls that donors would normally find acceptable to release their funds.

Anti-corruption reforms that increase transparency reduce opportunities for exploitation, and have the benefit of a lower standard of evidence relative to counter-corruption accountability mechanisms required to prosecute corrupt individuals. As a result, anti-corruption activities can rely upon assumptions based on more limited or anecdotal reporting that anticipate how corrupt individuals *could* act. Anti-corruption measures must be constantly validated to prevent complacency as corrupt individuals have proven remarkably capable of exploiting loopholes. Anti-corruption efforts are also not the sole purview of dedicated organizations tasked with a corruption mandate. They are the shared responsibility of all who operate in a conflict environment with endemic corruption.

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[64] Feith, "H.R. McMaster: The Warrior's-Eye View of Afghanistan."
[65] Sopko, "Remarks Prepared for Delivery Georgetown University."

<u>LESSON 8</u>: *Anti-corruption efforts require multiple stakeholders at the strategic, operational, and tactical level, to help build strong institutions and more transparent governance in order to detect and deter corrupt activities*.

The cornerstone of international engagement, and the agreed instrument for deploying civilian development assistance in Afghanistan since 2012, is The Tokyo Mutual Accountability Framework (TMAF).[66] TMAF highlights the challenge of basing aid conditionality partially on corruption. In 2012, the international community and the Afghan government agreed on TMAF as a "mechanism to monitor and review commitments on a regular basis." [67] TMAF contains 16 indicators of progress as well as intermediate targets called "hard deliverables," several of which either directly or indirectly relate to corruption.[68] The most explicit TMAF commitment regarding corruption is to "Enact and enforce the legal framework for fighting corruption." In practice, this only required the Afghan government to demonstrate measurable progress in collecting and publishing asset declaration forms of high-ranking government officials.[69] However, by 2014 the U.S. determined the Afghan government had failed to meet corruption-related "hard deliverables" required by the TMAF. According to USAID, only 1,150 out of an estimated 7,000 officials filed asset verification forms.[70] Beyond withholding $30 million from a small incentive fund, this failure on the part of the Afghan government did not result in any noticeable change in broader financial support—reflecting a general weakness in accountability and enforcement efforts by the international community. [71] Properly applied anti-corruption mechanisms can impose discipline on decision-makers that control the release of foreign aid funds.

Any agreement whether a contract, a grant, or memorandum of understanding, includes terms of agreement and consequences for non-compliance. Not all terms may be of equal importance, and some terms may be unnecessary to achieve funding objectives.

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[66] Special Inspector General for Afghanistan Reconstruction, *Quarterly Report to the United States Congress*, April 30, 2014, 127.
[67] United Nations, "The Tokyo Declaration Partnership for Self-Reliance in Afghanistan from Transition to Transformation," 9.
[68] TMAF indicators that directly relate to corruption include: 1) Enact and enforce the legal framework for fighting corruption including, for example, annual asset declarations of senior public officials including the executive, legislative and judiciary; 2) Implement the government program supported by the International Monetary Fund on schedule; continue to enforce asset recovery and accountability for those responsible for the Kabul Bank crisis; and strengthen banking supervision and reforms through Da Afghanistan Bank; and 3) Implement the recommendations from the Financial Action Task Force Asia Pacific Group regarding anti-money laundering and combating terrorist financing.
[69] Special Inspector General for Afghanistan Reconstruction, *Quarterly Report to the United States Congress*, April 30, 2014, 128.
[70] Ibid., 149.
[71] Ibid., 164.

LESSON 9: *Successful anti-corruption contracting efforts require recognition of which contractual terms are essential, whether these terms can be reliably monitored in a conflict environment, and the credibility of enforcement mechanisms including sanctions for non-compliance.*

Anti-corruption transparency initiatives require the application of cost-benefit analysis to weigh financial costs against the value of expected benefits, relative to other possible investments. With development aid and security assistance, estimating financial costs is relatively straightforward (i.e. the dollar amount of investment), although corruption can act as unknown tax that increases financial costs.

In sharp contrast, the *benefits* of aid programs and security assistance often defy easy quantification, particularly given abstract objectives such as "building capacity" or increasing "state legitimacy." Given this challenge, for many aid and military officials the dollars spent over a specified time period (the "burn rate") serve as a proxy for benefits. Each dollar spent represents some otherwise unquantifiable amount of utility from the investment.

According to Kirk Meyer, the founding director of the Afghanistan Threat Finance Cell:

> Unfortunately, I have to say that one of the things [the Afghan Threat Finance Cell] discovered was that we were one of the biggest funding sources for the insurgency. 'We' being the U.S. government and ISAF, through development projects. This was mostly because of a particular dynamic: in the beginning, the only metric anybody was using to measure development was how fast they could spend money, not what impact that spending had on the insurgency.[72]

The emphasis on burn rate by the international community may be the single greatest obstacle to anti-corruption efforts. In this case, costs themselves become a false and self-rationalizing measure of benefits, which guarantees benefits always equal investment costs. Of greater concern is that in a rush to spend, the absence of due diligence risks funding enemy forces.

LESSON 10: *If those that control funds are only graded on how much money is expended over a period of time ("burn rate"), then adopting an anti-corruption framework only slows that down, and the absence of due diligence risks funding enemy forces.*

Government regulations and the security environment impose limits on what is feasible in terms of anti-corruption efforts from both a monitoring and compliance standpoint. As Ashraf Ghani and Clare Lockhart point out, disjointed donor procedures can undercut state-building goals: "The thousands of [donor

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[72] Freeman and Kator-Mubarez, "Kirk Meyer, Former Director of the Afghan Threat Finance Cell," 93.

managed] projects, each with their own rules, procedures, and requirements, fragment the rule of law."[73] Reviewing program-specific rules, procedures, and requirements is a good starting point for anti-corruption efforts. Weak rules and procedures can produce a race to the bottom resulting in distorted standards to meet incentivized metrics such as burn rate.

LESSON 11: *Programs that operate or transit through militarily contested areas are at risk of being exploited. A failed practice that is too often accepted is to implement programs in areas that are too insecure for sufficient monitoring—or "spending without seeing."[74]*

In developing anti-corruption measures, certain realities must be recognized. In a 2010 USAID report, auditors estimated Afghan insurgents regularly levied a protection tax of up to 20 percent of a sub-project's value. Subcontractors would include this expected payment in "mobilization costs" that would be passed on to USAID for payment.[75] The United Nations also uncovered a 20 percent insurgent tax, citing a specific case in which the Taliban was able to generate $360 million in revenue from a single three year $2.16 billion trucking contract in support of the U.S. military.[76]

Insurgents are not the only ones to exploit insecurity. In working with a USAID implementing partner, and with a PRT, the author routinely encountered cases of communities, government officials, and insurgents exploiting civilian and military contractors and grant recipients. Contractors and grant recipients would, in turn, often exploit the PRT or prime implementing partner.

LESSON 12: *Between inflated cost estimates, insufficient monitoring, and pressures to move to the next project to improve spending ("burn") rates, many locals, including enemy forces, found opportunities to siphon off funds, while international program or project managers were left in the dark, or sometimes simply looked the other way.[77] In the absence of sufficient transparency (monitoring) and accountability (consequences), regardless of public benefits from successful project completion, some will seek to exploit projects for private gain.*

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[73] Ghani and Lockhart, *Fixing Failed States*, 100.

[74] Monitoring staff, for example, may not be able to physically access the project and rely upon community members for monitoring and asserting that sufficient progress was made for a payment. Alternatively, a monitor may be able to access a project site but not take a camera or Global Positioning System (GPS) receiver, significantly reducing the information available for the project manager with which to make decisions.

[75] USAID Office of Inspector General, *Review of Security Costs Charged to USAID Projects in Afghanistan*, 4.

[76] Analytical Support and Sanctions Monitoring Team, *First Report of the Analytical Support and Sanctions Implementation Monitoring Team Submitted pursuant to Resolution 1988 (2011) Concerning the Taliban and Associated Individuals and Entities*, 15.

[77] In one study of humanitarian dealings with the insurgency, several interviewees with UN and nongovernmental organizations mentioned a "don't ask, don't tell" policy "whereby international staff assumed or knew that national staff were engaging with local-level Taliban but without the explicit authorisation or support of their organisation." Jackson and Giustozzi, *Talking to the Other Side: Humanitarian Engagement with the Taliban in Afghanistan*, 5.

In principle, anti-corruption efforts to increase transparency can help bring shady dealings into the light. However, in the author's experience transparency can be a double-edged sword. Revealing the complete cost of a contract negotiated with a specific contractor simplified the process for corrupt Afghan government officials to negotiate an extortion tax with contractors. If a government official, or community, or insurgent leader, approached a contractor demanding a percent of the contract, it was in the interest of the contractor to undervalue the contract to pay less in bribes or protection taxes. Paradoxically, a lack of transparency in revealing negotiated contract costs might result in lower overall costs to the PRT, and an ability to fund more projects.[78]

Another challenge with anti-corruption efforts to increase transparency is the mismatch between the complexity of a project and the ability of the various stakeholders (community, government, contractor and often a series of sub-contractors) to fully appreciate the value of (or to "own") the project. Various constraints, including limited access to the project due to insecurity or an overburdened management system, can also reduce the sense of ownership. Technical capacity limitations may prevent a sense of genuine ownership by government and communities for projects such as infrastructure such as roads that have complex specifications. While civil society groups with sufficient technical skills may exist in urban areas, they are often lacking in more austere locales requiring additional oversight. (See APPENDIX 1)

LESSON 13: *In many cases, ambitions to execute projects exceed the collective ability of recipients to fully value and "own" the project, meaning none truly have a stake in the project's successful outcome. In these cases, widely reporting the negotiated contract costs of a project may only serve to facilitate exploitation, risking timely and successful completion of the project.*

Anti-corruption efforts to increase transparency through inspections must reflect the technical complexity of projects in a portfolio. For a PRT operating from a provincial capital, physically accessing all project sites is the exception rather than the rule. Figure 4 shows how in Afghanistan a PRT—a civil-military organization with the express purpose to go where others cannot thanks to their military security contingent—still had to rely upon remote observation to inspect the progress of a school construction

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[78] In the author's PRT engagements with provincial government counterparts he found an obsession with the value of contracts, something he resisted providing despite guidance from Kabul-based corruption bodies encouraging transparency. The PRT repeatedly made offers to share other aspects of the contracts (to facilitate host government participation in monitoring and quality assurance), however, there was no interest in other contract details beyond the dollar amount.

project. A SIGAR audit of a PRT in the same province found "most [PRT] project files lacked … sufficient documentation to substantiate payments."[79]

Figure 2 – PRT Laghman engineering personnel inspect a school from a helicopter using their riflescope (U.S. Air Force photo by Staff Sgt. Ryan Crane)[80]

Programs in insecure environments must assume that attempted exploitation by various stakeholders is the norm. Expectations for what can be accomplished must be calibrated to what can be reasonably managed and controlled. Experimental programs present a valuable opportunity to observe stakeholder behavior as well as the cause and consequences of clandestine corruption deals. The next section offers practical insights gleaned from several program experiments in Afghanistan as well as recent efforts to increase host country ownership of projects.

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[79] Special Inspector General for Afghanistan Reconstruction, *Commander's Emergency Response Program in Laghman Province Provided Some Benefits, but Oversight Weaknesses and Sustainment Concerns Led to Questionable Outcomes and Potential Waste*, ii.
[80] Crane, "Laghman PRT Participates in Air Recon."

Best Practices in Sharing Risk and Responsibility

> "The days of providing a blank check are over … And going forward, we will be clear about what we expect from those who receive our assistance. We'll support Afghan ministries, governors, and local leaders that combat corruption and deliver for the people."
>
> Barack Obama, President of the United States of America[81]

The three case studies below report the author's observation of failures to appropriately share risk and responsibility between the international community and host government.

Case Study 1: Over three days in 2008, the author observed a USAID-sponsored conflict resolution training event conducted by his staff at a rural district center. He was the only non-Afghan at the event that brought together district government civilian and security officials, and local informal leaders, to discuss sources of conflict in a district facing insurgent threats. During the event, he found *the* main point of common ground between the disparate interests was agreement the international community, broadly referred to as the PRT but also encompassing nongovernmental organizations, was incompetent. The district administrator, the lead executive representative of the government, was particularly passionate in highlighting failed projects. How could the PRT, whose job it was to legitimize the Afghan government, be so thoroughly discredited by district representatives of that same government?

Case Study 2: The next year and in a different province, the author was assigned as the USAID representative to a PRT and found that his provincial government counterparts appeared content to submit lists of project ideas for the PRT to turn into reality. The PRT and the provincial government would attend meetings once a month at the end of which a new list of ideas would be submitted, only to disappear into the opaque internal processes of the PRT to be further developed or discarded. After a month or two, the PRT decided to stop these "wish lists." Instead the PRT offered technical assistance to help provincial directors request programs from their home ministries in Kabul. The reaction from one particularly animated director was: "Why is the PRT here if not to implement our recommended projects?" "If I request programs from my ministry, they will be upset with me and tell me to go ask the PRT!" In another engagement, another provincial director became upset with the author's decision not to approve a $60,000 contract for her for-profit company to teach hygiene to 30 women. When a compromise was offered that involved radio airtime purchased by the PRT to transmit the hygiene message, she refused, complaining the author "did not care about the women of the province."

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[81] Obama, "Remarks by the President in Address to the Nation on the Way Forward in Afghanistan and Pakistan."

Case Study 3: The following year, the author's colleague at ISAF headquarters traveled to yet another province to observe how an ISAF component was conducting counterinsurgency operations. He participated in a governance outreach event in which ISAF would facilitate a visit of Afghan government officials to rural areas to meet their constituencies. In this particular case, ISAF flew the provincial governor and his entourage in several helicopters to a distant district center in which a bazaar was defended by an Afghan army post. After a stirring speech by the ISAF brigade commander, the provincial governor ascended the podium to chastise the assembled local population for not sufficiently supporting their government in the face of the Taliban. The audience protested, claiming he, as provincial governor, had not provided the necessary incentive to do so in the form of services for the community. For each complaint, the governor would motion to his obviously better-resourced counterpart, the ISAF brigade commander, and state that he would ask ISAF to build the requested clinic, school, and road. After the engagement and a short walk around the enclosed district bazaar, the brigade commander and governor departed in the same helicopters in which they had arrived.

In each of these three cases, Afghan government officials clearly did not display full ownership of state functions. For lack of will, lack of ability, lack of readily available resources, or some combination, the district administrator, provincial directors, and provincial governor in each case developed pragmatic reactions to their apparent powerlessness. Unfortunately, corruption is also a response when, due to a lack of transparency and accountability, failures are difficult to trace back to perpetrators and sanctions are rarely enforced.

While serving with the PRT, the author conducted experiments to mitigate the powerlessness of district administrators. A pilot project was initiated in districts hosting coalition forces, in which U.S. officers and the district administrator would partner to execute small projects using military development funds. The U.S. forces would establish a bargaining zone for acceptable project costs that the community would execute themselves without need for a contractor. Although the project saw some district administrators embrace the concept, the bulk of the work and risk was still assumed by U.S. officers who were held accountable by their battalion commander to implement the projects (as measured by burn rates).

In an experiment to increase transparency through improved oversight, the PRT assumed responsibility for the management of a revised version of the pilot. Despite reports of Afghan government agricultural extension agents assigned to districts receiving a salary, U.S. military units could not locate these ghosts. The PRT hired and oversaw a group of college-educated Afghans who operated out of the district center alongside the district administrator as *de facto* extension agents for the government. Together, the district administrator, the Afghan student workers, and district police would make a simple offer to communities: if the community would guarantee the security of the joint government/student/district

police delegation during their monitoring visits to project sites, agree to complete work before being paid, and make measureable contributions before being paid, a project implemented by the community could move forward. This modified pilot ran for a year and a half thanks to a U.S. Department of Agriculture representative who extended it another year.

The most interesting result of the pilot were photographs taken by the student workers during their joint monitoring visits with Afghan government personnel. These photos showed clearly marked Afghan police vehicles repeatedly escorting the district administrator to community project sites that a PRT would be hesitant to visit. The photographs tied to known persons and known locations demonstrated risk sharing and ownership in the following ways:

- Communities assumed risk through affiliation with the government in districts contested by insurgents;
- Community leaders assumed financial risk by having to front the resources, and assumed reputational risk if the government failed to successfully complete projects; and
- The district administrator and police, assumed reputational and physical risks in being so clearly associated with the projects and traveling repeatedly to community sites.

Afghan student workers did not distort the project nearly as much as a convoy of international soldiers might have in stealing attention and taking responsibility away from an Afghan government partner. There were no non-governmental or for-profit intermediaries seeking to negotiate with insurgents. Instead, the photographs show representatives of the state and its citizens negotiating terms of a social contract. Photographs of risk sharing and project progression do not mean the absence of corruption. However, it is safe to assume that by traveling to the community itself and assuming increased physical risk without the protection of international forces, the district administrator would be less inclined to expropriate private benefits from public projects relative to what might be expected negotiating with a contractor in the safety of a district center.

This pilot program offers an example of micro-level risk sharing on a community-managed infrastructure project. Thanks to Afghan students with cameras traveling alongside easily recognizable Afghan government representatives, the international team was able to remotely monitor examples of risk and responsibility sharing between the Afghan government and its communities in contested districts. Just as important, the pilot program created opportunities to test the original hypothesis and assumptions. If a district administrator refused to engage unless offered funding up front, or communities refused to mobilize resources until reimbursed, it would be hard to claim the project was a priority for either. Of course, if security conditions were such that a community refused to risk affiliation with the government,

then the project did not take place. This was just as well because if conditions did not permit proper monitoring, then it was in any case unlikely the project would be successful.

LESSON 14: *Funding small scale projects implemented by local communities represents one of the more effective anti-corruption initiatives, if stakeholder activities can be observed, and risk and responsibility is appropriately distributed.*

Similar to this pilot program is another community-led approach known as the National Solidarity Program (NSP). NSP is an Afghan government program that is implemented by non-governmental facilitating partners. These facilitating partners physically visit communities on behalf of the government to "mobilize communities to form [Community Development Councils – CDCs through elections], and provide CDCs technical guidance in managing block grants, and in planning and implementing subprojects at the village level."[82] While led and managed by the community, instead of requiring the community to complete a portion of the work up-front, NSP disburses 90 percent of the community's block grant into the community's bank account once the initial paperwork is signed. The remaining 10 percent is deposited once the community has spent the first 70 percent.[83] To increase transparency NSP further requires community notice boards, as well as linking the project to the Afghan government. Unfortunately, NSP reports from 2011 and 2012 indicate widespread noncompliance with the signboard requirement, ranging from a low of 24 percent of monitored communities having a signboard,[84] to a high of 43 percent. After 2012, NSP reports no longer mention signboard compliance.[85] In many cases communities do not post signboards because they do not wish to upset insurgents, although they still desire the assistance.[86]

The NSP balances risk and responsibility. Communities are able to mitigate financial risks by receiving the majority of project funding up front, and minimize their security risks by not being punished for noncompliance with sign board requirements. Meanwhile, the Afghan government is able to mitigate physical and reputational risk by relying upon non-governmental proxies to engage with the communities on their behalf.

Monitoring visits can demonstrate whether Afghan security forces are logistically able to conduct escort missions to verifiable project sites, essentially performing the task of an armed taxi service. Properly

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[82] *Afghanistan - Third Emergency National Solidarity Project : Additional Financing*, 14.
[83] NSP, Operational Manual VI, pp. 24-26.
[84] Ministry of Rural Rehabilitation and Development, *NSP Fourth Quarterly Report*, March 20, 2011, 16.
[85] Ministry of Rural Rehabilitation and Development, *NSP Fourth Quarterly Report*, March 19, 2012, 14.
[86] Author's conversation with former Afghan employees of NSP facilitating partners.

leveraged, project monitoring presents opportunities to observe stakeholder behavior that may be difficult to ascertain otherwise.[87]

LESSON 15: *Community-implemented projects in which government security forces escort district administrators to the communities can offer a direct way to track investments, and an indirect way to track recurring (personnel) costs. Project monitoring can not only track progress on a project, but also capture whether a district administrator shows up for work.*

A larger scale example of balancing risk and responsibility involves major infrastructure projects. Infrastructure projects are likely to be beyond the capacity of small communities to build, own and operate, making them more beneficiaries than active participants. The primary relationships in this case are between donors and the state, and between the state and private contractors. International donors such as USAID[88] and the Asian Development Bank, for instance, have mechanisms to channel assistance through the Afghan government's budget for major infrastructure projects.

LESSON 16: *A host state is more likely to assume responsibility (ownership) if the donor exercises discipline in withholding funds until sufficient physical progress has been validated.*

In the case of major infrastructure projects, anti-corruption initiatives require that the complexity of a project is calibrated to the security environment, and that donors condition their funding on well-defined and verifiable milestones.

A recent example illustrates why such discipline is necessary on the part of donors. According to some news reports, less than 15 percent of a $478 million roadway project commissioned by the Afghan Ministry of Public Works with funding from the Asian Development Bank was completed before the contractor stopped work.[89] Claiming insufficient security, the contractor reportedly left the job after collecting $107 million. It is not clear whether the Asian Development Bank only provided advances to the Afghan Ministry of Public Works based on progress that could be physically verified.

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[87] The community-implemented pilot mentioned earlier allowed for repeated remote observation of 1) whether the district administrator and police showed up to work in the district and are willing and able to assume risk, and 2) what happened when they would make visits to community project sites. Photographs that are time, date, and location stamped showing known persons and state institutions repeatedly visiting areas otherwise considered insurgent contested are difficult to manipulate. While a picture may tell a thousand words, time, date, and location data are necessary to spatially and temporally frame the story.

[88] In the case of USAID, this is referred to as host country contracting. United States Agency for International Development, "ADS Chapter 305: Host Country Contracts."

[89] "Minister of Public Works Summoned by Parliament." "Public Works Minister Summoned after Foreign Firm Steals $107m."

Besides one-time costs associated with major infrastructure investments, another major area of concern for corruption are recurring or operating costs—including salaries, fuel, etc. Recurring costs are particularly challenging because the unit of analysis is an individual employee or gallon of fuel, etc. The risk is that corrupt superiors collect the salaries of ghost employees, or that fuel is diverted or priced for quantities not received, and/or that include an extra corruption tax. Attempts to verify recurring costs often involve reviewing documents and physical inspections.

The United Nations Development Programme (UNDP) and the World Bank employ monitoring agents to review records and, in the case of UNDP, to conduct physical counts of police personnel. However, as recently as 2014, UNDP monitoring over a five month period was only able to physically verify 2.4 percent of the total Afghan police force. According to a UNDP report, this small sample size was insignificant and would not produce a "reasonable level of confidence on the physical existence of police personnel being paid from the payroll."[90] Physical verification and document review alone is unlikely to adequately mitigate personnel corruption in insecure areas.[91]

In an example involving the Afghan Ministry of Interior's personnel system, international military authorities discovered in 2010 that 1,400 more Afghan police were being paid than were authorized, assigned, or registered in the province. It turned out the Ministry of Interior's provincial finance officer photo-copied and re-used a salary disbursement document instead of creating the document from scratch each month based on actual time and attendance reports.[92]

LESSON 17: *Multiple data sources may be needed to verify recurring costs because of the ease with which records can be manipulated, and the challenge of physical verification.*

These salary disbursement documents are the foundation for other systems, including the Afghanistan Financial Management System (AFMIS). AFMIS is the critical data source used by the U.S. Department of Defense to oversee security funding provided to the Afghan government. DOD regularly inspects AFMIS expenditure reports to detect abnormalities, including any over- or under-spending, to prompt further investigation. DOD acknowledges, however, that AFMIS data is entered by Afghan ministry staff, making

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[90] Office of Audit and Investigations, *Desk Review of UNDP Afghanistan Oversight of the Monitoring Agent of the Law and Order Trust Fund for Afghanistan*, 8–9.

[91] According to Norad Evaluation Department, *Evaluation of Norwegian Development Cooperation with Afghanistan 2001-2011*, 71., although the World Bank hired a monitoring agent to review documentation supporting recurring costs at the provincial-level, the security situation often meant the agent was unable to conduct visits outside of Kabul.

[92] Special Inspector General for Afghanistan Reconstruction, *Despite Improvements in MoI's Personnel Systems, Additional Actions Are Needed to Completely Verify ANP Payroll Costs and Workforce Strength*.

the reliability of AFMIS data dependent on the staff. DOD also acknowledges it does not conduct or know of any periodic data validity checks of AFMIS data quality.[93]

LESSON 18: *Increasing transparency by employing Information Technology and reliable data bases can provide an opportunity to reduce corruption associated with recurring costs such as personnel salaries.*

In 2009, fifty Afghan police officers were enrolled in a mobile money pilot project. Instead of receiving their salaries in cash, they were paid via an account only accessible through their cell phones. The pilot included an agent that allowed the officers to convert their mobile payments to cash without needing to travel to a bank. The officers were shocked after they received their first mobile money payment, thinking they had received a 30 percent raise. The "raise" reflected the amount previously skimmed off by corrupt superiors. [94]

LESSON 19: *Mobile money systems produce new data that is harder to manipulate by corrupt actors on the ground. Researchers have begun to use mobile money transaction data that is time and date stamped as well as geo-tagged to the nearest cell phone tower.*[95]

It is not widely known that an Afghan police commander almost subverted the new mobile payment system. The commander collected the officers' SIM cards from their cell phones—the unique identifier that ties salary payments to individual patrolmen. The commander then took the SIM cards to the agent and demanded the salaries of his subordinates for him to distribute. The agent refused, but for safety reasons was forced to leave the district. If not for an honest agent, the commander might have corrupted the mobile money experiment.[96]

LESSON 20: *An anti-corruption mindset can inform more effective program planning. This may require thinking like a corrupt adversary, and continuous innovation in order to create, test, and refine anti-corruption systems that are less susceptible to manipulation.*

So-called "big data" offers another possibility to increase transparency. Anomalies resulting from corruption could be identified through data analysis that might not otherwise be apparent. For example,

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[93] Special Inspector General for Afghanistan Reconstruction, *Quarterly Report to the United States Congress*, October 30, 2014, 139.

[94] In the case of security, there are both security outputs, including operations, and security outcomes such as human or state security. In principle, U.S. assistance to Pakistan through the Coalition Support Fund (CSF) was funding for operations Pakistan would not otherwise conduct. According to a Government Accountability Office report, there were doubts that reimbursed activities actually occurred and there was insufficient guidance to "verify that Pakistani military support has actually been performed and that expenses were actually incurred." (United States Government Accountability Office, *Increased Oversight and Accountability Needed over Pakistan Reimbursement Claims for Coalition Support Funds*, 16, 26.)

[95] Blumenstock, Callen, and Ghani, *Violence and Financial Decisions: Evidence from Mobile Money in Afghanistan*.

[96] Financial Sector Knowledge Sharing Project, *Branchless Banking Pilot: Afghanistan Agricultural Sector Feasibility Analysis*, 15–16.

in the case of the corrupt commander in the 2009 mobile money pilot, there might have been a concentration of withdrawal transactions which indicated a large collection of cell phone SIM cards. Moreover, since mobile money pilot programs issued cell phones and SIM cards to recipients, it became possible to further increase transparency by tracking where cell phone users (police for example) were located relative to their duty stations.

The mobile payment program could also facilitate phone surveys to gather valuable data. In conducting a study on Afghan education in 2012, a researcher with CARE International uncovered ghost employees using contact lists kept by the Ministry of Education: "half to three-quarters of phone numbers of school masters were missing, or the man we called had not been in the job for years."[97]

Another opportunity exists to increase transparency through improved monitoring with IT and data analysis. Rather than tracking every individual soldier or policeman, it may be possible to track a unit's operations. Vehicles can have trackers attached that indicate, not only that units are properly conducting operations, but that can also track supply and logistic chain activities.[98] Although security outcomes, whether human or state security, are abstract concepts that seemingly defy quantification, they might be measured through the number of attacks on civilians,[99] or the success of security forces in protecting key facilities, outposts and communities.[100]

Interpreting corruption risks with different goals and objectives

The goals and objectives of military operators and civilians can diverge in conflict zones, and this can influence their responses to corruption risks. For example, the author, a civilian, was embedded with a PRT detachment in a rural district in southern Afghanistan in 2011 where he had an opportunity to determine whether local conditions might support an expansion of the community-led pilot program discussed earlier. An Afghan coordinator from the community-led province was introduced to the acting district administrator along with local elders to help them understand how the pilot program was

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[97] Nordland, "Despite Education Advances, a Host of Afghan School Woes."

[98] Aggregating the work of individuals requires clarity on what it is these units are expected produce. An analogy would be when one has a contractor building a house. A contractor will provide a quote which will include an estimate of the number of workers necessary to accomplish the job. One can monitor the whether workers are on site through physical observation or review of payment records. If one cannot be on-site every day, sampling is insufficient, and records are easily manipulated, it may be worth focusing more on the quality of the house being built as that is something more observable.

[99] United Nations Assistance Mission in Afghanistan, *Midyear Report 2014: Protection of Civilians in Armed Conflict*.
[100] For example, ISAF Commander General John Campbell noted how insurgents may temporarily capture a district center as a sign of control in an areas: "The Taliban may take over a district center or something, but only temporarily. Once the ANSF (Afghan National Security Force) understands that piece of it ... they get the terrain back." Alexander, "U.S. Commander in Afghanistan Says Recent Taliban Gains Fleeting."

conducted. Their swift response was that because the PRT currently overpaid for projects, and often provided full funding up-front, no one would agree to a community-led pilot program.

In his discussions with the local ISAF military commander it became clear the PRT overpaid for projects to gain leverage with influential individuals, and often advanced funds due to a perception of widespread poverty in the district. The detachment commander clearly internalized the tenants of counterinsurgency, namely: identifying key influencers, using money as a weapon system, and leveraging projects for the security of his unit and to produce influence in the area.

The military commander recounted how a key influential individual told him men in the district had captured someone placing an improvised explosive device. The men seized and destroyed the device and captured, but later released due to lack of evidence, the accused insurgent. The commander noted how this incident demonstrated the value of directing projects to influential individuals, even if those projects might risk failure from a development standpoint.

In discussing corruption, clarifying goals and objectives is critical. Whereas the civilian author's goal was to achieve a successful development program while minimizing corruption risks, the commander's more immediate goal was to use development funding to guarantee security for his unit and to secure the favor of influential individuals in the community.

Conclusion

"War, after all, is a very effective auditor of institutional performance."

Ariel Ahram, Proxy Warriors: The Rise and Fall of State-Sponsored Militias.[101]

Few states in history have experienced the massive injection of resources provided by the international community to Afghanistan. This has turned out to be both a blessing and a curse. While Afghanistan has been able to undertake unprecedented initiatives such as advancing women's rights and building large security forces, foreign intervention have insulated the state from the full consequences of its weak institutions. Perhaps the most serious challenge now facing Afghanistan is the risk posed by corruption.

Because of its clandestine nature, corruption often defies direct observation, and the challenge facing the country will undoubtedly evolve as the flow of easy money gradually declines. Nonetheless, Afghanistan has served as a proving ground for a variety of anti- and counter-corruption experiments that can offer valuable lessons for future NATO engagements. While there are no easy solutions, the emphasis on transparency and accountability, and on sharing risks and responsibility, are perhaps foremost among the critical lessons captured in this document to help minimize the risk of corruption in conflict zones.

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[101] Ahram, *Proxy Warriors*, 16.

As shown in Figure 2, a single stakeholder will have a "functional transparency"[102] zone within which ownership and project complexity are sufficiently balanced that transparency is beneficial. If a project's complexity becomes too great as a result of technical complexity or inability to access the site, the project exceeds the capacity line and limits ownership.
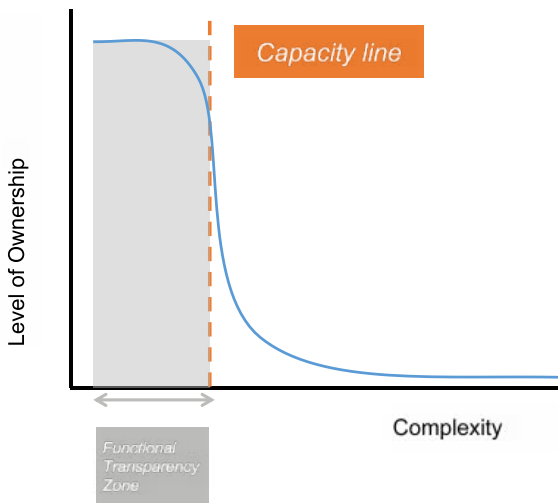

Figure 3 - Functional Transparency (for a single stakeholder)

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[102] Weggeland, *Less Boom for the Buck: Projects for COIN Effects and Transition*, 9.

As the variety of stakeholders increase, however, simple transparency, such as posting a contract without redactions in a public place, may facilitate exploitation rather than ownership. As shown in Figure 3, there are multiple capacity lines for each notional stakeholder. If a project exceeds this line, ownership opportunities can decrease rapidly. For ownership to be genuine, the project must fall within the functional transparency zone (marked in grey) of the stakeholder with the least amount of capacity for ownership. A project that exceeds this zone will likely cause that stakeholder to exploit, rather than own, the project as there is no real way to own the project. The level of ownership is not simply a reflection of technical capacity. For example, the organic expatriate engineering capability of a PRT may be useless if the engineers are unable to regularly access the project site.
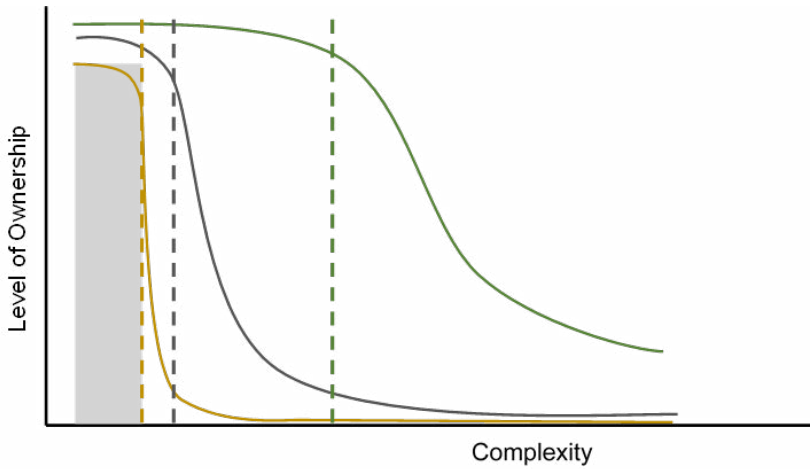

Figure 4 - Functional Transparency (for multiple stakeholders)

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