

Aiding Afghanistan

How Corruption and Western Aid Hinder Afghanistan's Development

by Joseph L. Carter

Like the war in Iraq, major combat missions in Afghanistan ended in a matter of weeks. Yet a resilient and deadly insurgency continues to plague United States (US) efforts to bring a lasting peace to the unstable and impoverished land of Afghanistan. Combat missions and drone strikes continue to steal headlines and captivate the attention of senior commanders, while a larger and more important aspect of the overall mission creeps into the policy debate—corruption. Although many short-term solutions will involve further military missions, the long-term plan for solving the Afghan corruption problem hinges on development. Ultimately, the Afghan people need jobs, education, and basic infrastructure to govern a stable and independent nation of their own. To this end, the US and the Western world recognized the lack of progress made during the first eight years and have since recommitted to the development program. The 2009 surge sent 30,000 additional troops and flooded the Afghan economy with billions in investment and foreign aid. While some analysts disagree, officials credited the surge in Iraq with turning the tide in the war and facilitating a US pullout, and hoped a similar strategy would work in Afghanistan.¹ However, the combination of massive amounts of foreign money and a distracting insurgency produced unparalleled opportunities for corruption, drug trafficking, and general criminality. The CIA handed out millions of dollars in cash during the first few months of the occupation in an attempt to buy security, and Western donors disbursed billions of dollars for aid projects with little to no oversight. Opportunistic Afghan warlords and strongmen used the money to enrich themselves, buy senior appointments in the Karzai administration, and fund lucrative criminal enterprises like narcotics trafficking, extortion, and kidnapping.

The State Department calls these crimes “nexus activities” and considers them the largest obstacle to development because they prevent effective delivery of government services, alienate citizens, and fund further criminality. Despite official condemnation and efforts to combat corruption, the agendas and processes of the international development program convince many Afghans that America is directly responsible for the current instability and culture of impunity.

In this article, I examine the growing problem of corruption in Afghanistan and specifically the corruption tied to Western aid. I look at what constitutes corruption, who the actors are, and how they are able to accomplish their self-serving goals. I also study how mismanagement of the development program and security costs fuel corruption and undermine Afghanistan's fragile existence. The West needs to recognize that its current development program exacerbates the corruption problem and that long-term success in Afghanistan requires a smaller and better-managed, long-term international aid mission.

Forms and Scale of Corruption in Afghanistan

Afghanistan and the corruption-nexus problem are exceedingly complex issues. Despite significant economic, political, and social gains since 2001, the over-centralized, inefficient, and corrupt Government of the Islamic Republic of Afghanistan (GIROA) fails to deliver the government services necessary to promote lasting peace and foster development. Afghanistan expert and Senior Advisor to the US Special Representative for Afghanistan and Pakistan, Barnett Rubin, says that a mere course correction is insufficient and a major strategy rethink is needed.² The US-led International Security Assistance Force (ISAF) responded by increasing levels of assistance and troops, but continued missteps suggest that Western officials still do not fully understand the situation.

The rise of the corruption problem in Afghanistan is dramatic.³ Fifty-nine percent of Afghans rank public dishonesty as the biggest problem facing Afghanistan, and 52 percent reportedly paid bribes in 2009, totaling more than \$2.5 billion or 23 percent of GDP (as compared to the opium economy, which was valued at \$2.8 billion in 2009).⁴ Afghanistan's rank in Transparency International's Corruption Perceptions Index (CPI) continues to fall, reaching 176th place in 2008 and 179th in 2009 (out of 180).⁵ The amounts and numbers of bribes paid doubled between 2007 and 2009.⁶ The average yearly cost to an Afghan was \$156 per year, or a third of the GDP per capita.⁷ In 2010, only Somalia and Burma (Myanmar) ranked worse in the CPI.⁸ Afghanistan's corruption statistics are so bad that Global Integrity has not bothered to do a report on the country.⁹ The same is true of the Heritage Foundation's Index of Economic Freedom.¹⁰

Massive amounts of allocated aid, a lack of economic development (which makes it hard to absorb foreign assistance), and the immense pressure to spend rapidly exist within the framework of an inefficient and divided government. These factors produce unparalleled opportunities for graft, the use of public office for illicit personal gain. In the words of Rory Stewart, a

former British diplomat who walked alone across Afghanistan from Herat to Kabul in January 2002, when you spend \$125 billion per year, “you drown everything.”¹¹ According to everyday Afghans, development experts, and the top commanders of North Atlantic Treaty Organization (NATO) and the ISAF, corruption now poses the single greatest threat to stability and development.¹² Corruption and the black-market opium economy provide huge amounts of capital for criminals and opportunists to expand into other forms of criminality like kidnapping, extortion, and fraud. According to the US State Department, “It is often difficult to differentiate between politically motivated criminal behavior, terrorism and/or traditional illegal activity.”¹³

Corruption, therefore, reaches debilitating proportions in Afghanistan and now poses the single greatest threat to the GIROA and the ISAF mission.¹⁴ Corruption is the reason Rubin Barnett recommended a full strategy review and not a mere course correction.¹⁵ The corruption problem is terrifying, but it does not mean the battle is lost. Most Afghans feel better off today than they did in 2001. The window of opportunity for tackling corruption is not closed.¹⁶ Afghanistan is improving, but there is still much to do.

How Does Corruption Affect Development?

Academics often define corruption as “the illegal use of public office for private gain.”¹⁷ Susan Rose-Ackerman, a Yale professor and one of the world’s most respected experts on corruption, says, “Corruption is a symptom that something has gone wrong in the management of the state.”¹⁸ Bribes are an indication that the supply of services is not in line with demand.¹⁹ In certain environments, if left unchecked, corruption can grow into a complex web of licit and illicit activity that poses a serious threat to economic stability and state security. Former Harvard professor Robert Rotberg writes, “hoary forms of corruption persist alongside and facilitate the spread of the newer, more potentially destructive modes of corruption.”²⁰ Essentially, globalization, the War on Terror, and a rapid growth in transnational crime all increase the threat that nations riddled by corruption pose to the global community.

Corruption is sometimes defended on the grounds that it is efficient and actually helps foster economic growth. The efficient corruption theory fails for four reasons: first, bribes only help isolated individuals and not the system as a whole; second, if the bribe being paid is beneficial to society, it should be legalized and made a part of the public fees; third, permitting corruption, even at the lowest levels, may facilitate a downward spiral toward a corruption trap where corruption breeds more corruption; and fourth, corruption undermines the legitimacy of the government, disillusiones the

population, and forces citizens to look for other service providers.²¹ This last point is particularly relevant to the situation in Afghanistan. A 2010 survey found that only 7 percent of Afghans trust the government's ability to deliver justice, a key post-conflict service.²² The Norway-based anticorruption think tank, U4, agrees that corruption erodes government credibility, further harming democratic prospects and scaring away potential aid donors.²³

Experts also associate high levels of corruption with lower levels of investment and economic growth.²⁴ The 2005 Investment Climate Assessment for Afghanistan cited corruption as a significant constraint to business.²⁵ Corruption reduces the effectiveness of industrial policies and encourages business to operate in the informal economy, reducing the government's tax base.²⁶ Even in cases where corruption and economic growth coexist, corruption creates severe distortions, rewarding senior officials at the expense of poorer citizens.²⁷ Corruption also creates significant opportunities for organized crime. Criminal groups use the proceeds of illegal activity to bribe officials, but also to infiltrate the legal economy, making them harder to track and more likely to win government contracts where further profits can be made.²⁸ Organized crime can choke out its competitors because it is both wealthy and unscrupulous, allowing it to avoid regulations that legitimate businesses must follow.

Corruption at the highest levels of government diverts resources to inefficient projects and undermines development goals. The relative fragility of GIROA also encourages officials to steal and take bribes. Staffan de Mistura, a United Nations Assistance Mission Afghanistan (UNAMA) official, links GIROA corruption to "the intensity, quantity and short time frame of huge investments that are coming inside Afghanistan." He says that with so much money floating around, the "temptation [to steal] becomes quite irresistible."²⁹ At the highest levels, the problem creates a trap where corruption breeds more corruption, and escape is extremely difficult. Furthermore, endemic corruption can drastically reduce a government's ability to manage foreign assistance and deliver effective aid.³⁰

If Corruption Is a Financial Problem, Where Does the Money Come From?

One way that Afghan and coalition officials may work to better understand the corruption problem is by following the money, and there is a lot of money to follow. By September 2010, America had spent more than \$445 billion on Afghanistan.³¹ The US spends most of the aid (almost 85 percent) on military objectives.³² However, Afghans divert a substantial amount of aid along the way. By the beginning of 2012, over \$1 billion per year *in cash* was

leaving Afghanistan by plane for Dubai.³³ The whole procedure is legal if declared, and there are three flights per day, each way.³⁴ There are no searches in the Kabul International Airport VIP section, where government officials leave from, and a 2010 report claimed a senior diplomat left with \$2 million in undeclared notes.³⁵ Officials transfer money this way mostly to avoid wire transfer fees but also to protect identities, and most of the cash is in USD and EUR, although some is in Saudi Riyals (SAR).³⁶ GIROA and US officials reportedly have no idea where the money is coming from, but it would be a good bet that it relates to corruption.

Rose-Ackerman says that corruption is essentially an economic issue.³⁷ With that fact in mind, the following sections seek to identify the sources of money that fuel the problem, as well as examine some of the policies and programs of GIROA and the ISAF that prolong, entrench, and exacerbate the corruption problem.

Three Kinds of Corruption

In her analysis of the corruption problem, journalist and scholar Kim Barker breaks corruption down into three categories: low-level petty corruption, high-level grand corruption, and corruption related to the Western presence.³⁸ The first two categories should be of no surprise, but Barker's third categorization turned heads when published in 2009. American and GIROA officials now acknowledge the threat posed by Barker's first two categories (less so for high-level corruption), but few Westerners consider, let alone write about, the third classification. The third category includes conventional skimming and profiteering from development projects but also includes cultural conflicts, like alcohol consumption and exposed female flesh that are the indirect result of the Western presence. While Western officials may scoff at the idea that Afghans consider ancillary practices like subcontracting, high-paying consultant salaries, or off-the-clock lifestyles as corrupt, the perceptions of Afghans matter and these issues figure heavily in their analysis of the situation.³⁹

Mostly, the average Afghan views the development framework as corrupt because very little aid actually reaches the ground level.⁴⁰ High overhead costs, large salaries for Western consultants, and multiple layers of subcontracting all drive up costs without affecting the end result of a development project.⁴¹ A 2011 bipartisan commission of US politicians found that the US wasted one out of every six dollars spent in Afghanistan and Iraq, totaling more than \$60 billion.⁴² Reuters reported that Western contractors and corrupt Afghan officials pocketed most of the aid and assistance sent to Afghanistan (some \$100 billion from the US in 2010

alone).⁴³ While many in the West do not consider high consultant salaries or profit margins for Western contractors to be “corrupt” *per se*, it should be easy to see why poor, under-served Afghans might take issue with this arrangement. Western companies funnel most of the money back to the US economy, and corrupt officials and connected criminals scoop up the rest. Everyday Afghans do not get any of the financial benefits of the occupation, but they often are caught in the crossfire of the insurgency.

Overview of the Western Development Program

The corruption problem in Afghanistan took root and grew because GIROA’s international partners consistently failed to pledge enough support. Corruption later blossomed when the US attempted to pour billions of dollars into development without the proper safeguards or a unifying development agenda. Ironically, post-surge increases in development aid may be as destabilizing as the lack of funds was before the surge. These extremes in funding highlight the need for a consistent and managed, long-term approach to development.

The US and its partners recently renewed their commitment to rebuilding Afghanistan by significantly increasing aid, but the scale of the current program would be unnecessary if the US had not left the development program underfunded and undermanned when it shifted focus to Iraq. When the war in Iraq started in 2003, the US and NATO all but forgot about Afghanistan, failing to deliver the governance and development necessary to secure the peace they had won. Even when they did promise assistance, they did not deliver on the commitments. Development goals in Afghanistan have long been secondary to military and security objectives. In fact, the US and its international partners spent more than 90 percent of all money spent from 2002 through 2009 on military and non-ODA (Official Development Assistance) security operations.⁴⁴ ODA accounted for the remaining 10 percent of spending during that same period.⁴⁵

US official statements immediately after the invasion show that the US had little interest in development. On September 26, 2001, President Bush declared, “We are not into nation building. We are focused on justice.”⁴⁶ From October 2001 to May 2002, the US spent \$17 billion, designating \$1 billion for aid.⁴⁷ The US gave the Central Intelligence Agency (CIA) full authority over the \$1 billion aid budget and cut civilian development agencies and professionals, like the United States Agency for International Development (USAID), out of the picture. The CIA used the money primarily to buy the loyalty of warlords, hire local militias to police the countryside, and run special-forces operations in the al-Qaeda hunt.⁴⁸

Officers only carried out a few quick-impact projects (QUIPs). By the time senior officials allowed USAID and other development experts access to Afghanistan policy it was late 2002 and the US focus had shifted to the looming invasion of Iraq.

The amount of aid spent per person during the early days of the US occupation was the lowest amount spent in any recent conflict zone. In 2002, the US delivered only \$75 per person in aid to Afghanistan, compared to over \$250 per person in aid for conflicts in Bosnia, East Timor, Kosovo, and Rwanda.⁴⁹ In 2004, donor countries pledged only \$42 per person for 2004 through 2009, although that amount did eventually increase. The World Bank estimated in 2006 that GIROA needed \$4 billion per year in support, yet the 2006 London Afghan Compact pledged only half that amount (\$10.5 billion over five years).⁵⁰ Total ODA from 2002 through 2009 was \$26.7 billion, of which the US provided approximately one-third.⁵¹ By August 2011, total ODA had risen to \$90 billion pledged, with \$57 billion disbursed.⁵² Those figures represent a dramatic increase in aid. From 2002 through 2009, aid averaged \$3 billion per year. From 2009 to the present, the international donors have spent another \$30 billion, more than doubling the pre-surge figures.

In addition to aid shortfalls, when ISAF nations disburse money, they do not spend evenly throughout the country. The West spends more than half of all aid in the four most insurgency-prone provinces.⁵³ Furthermore, “off-budget” aid that is not coordinated with GIROA continues to dominate spending, accounting for more than three-quarters of 2006 ODA. Off-budget spending is hard to manage and often involves competing interests. Afghanistan is no exception.

The small number of civilian teams sent by the US and NATO indicate a lack of commitment. Sweden and Poland, who sent *medium*-sized deployments, compared to other donor nations, sent nine and eight people, respectively, and only achieved those numbers post-surge.⁵⁴ According to Rory Stewart, the U.K. Embassy in 2008 held 350 people, and only three of them actually spoke Dari, the predominant language in Afghanistan.⁵⁵ Stewart also discovered that in the Afghan Section of the Foreign Office in London, nobody assigned to the section had ever been to Afghanistan.⁵⁶ Although the US led the effort, US development staff statistics are only marginally better. In August of 2009, just before the surge, the US Embassy, known locally as “Fortress America,” held just 311 civilians, with another 159 in the field, or 470 in the country.⁵⁷ After the surge, the US civilian team rose to 944 members, compared to almost 100,000 service members.⁵⁸ The total number of foreign government employees in Afghanistan is below 2,000. The

individuals pursued noble objectives, but they were set up for failure. Secretary of State Condoleezza Rice summarized it best when she said, “We didn’t have the right skills, the right capacity to deal with a reconstruction effort of this kind.”⁵⁹

Western Recommitment to the Development Program

Although the US and its partners were not willing to make the necessary commitments to rapidly developing Afghanistan, they were not willing to let GIROA attempt to accomplish the task either. Of the limited quantity of ODA that did arrive in Afghanistan, up to 80 percent of it was spent off-budget, meaning it was not spent by GIROA, but rather by NGOs, USAID programs, and Provincial Reconstruction Teams (PRTs).⁶⁰ This kind of donor spending is troublesome for a number of reasons. First, donors often lack effective monitoring processes.⁶¹ The pressure to spend sooner rather than later does not allow for the proper vetting of local partners or for active supervision. Second, development personnel are rarely in-country long enough to understand the environment properly. The average deployment is for six months. It may take months of negotiations and countless cups of tea to get to know a local elder well enough to make a decision about his trustworthiness.⁶² Instead, donors rush to decisions and often choose poor partners with self-serving, divisive goals. Lastly, donor objectives are beholden to domestic taxpayers and their political agendas.⁶³ One GIROA ministry found four consultants from four different countries working, unbeknownst to each other, on the same project.⁶⁴ With more than 60 political entities and thousands of private organizations in operation, there were bound to be some coordination issues.

The eventual goal, according to the Afghan National Development Strategy (ANDS), is to funnel 75 percent of aid spending through the central GIROA budget.⁶⁵ Doing so would help to create a more transparent and efficient development program. GIROA estimates that external aid projects have only a 20 percent impact because so much of the money goes to pay overhead costs and foreign consultant salaries. GIROA claims an 85 percent impact rate for projects that they run. The US remains skeptical of that number, leading GIROA to propose a third option, where donors contribute to a trust fund, which they can jointly manage.⁶⁶ However, the US does not trust GIROA to run an effective development effort. It’s easy to see why the US would be hesitant to hand over more money when repeated reports show that officials regularly skim from projects and more than half of all aid money given to GIROA goes unspent.⁶⁷ Instead of funding GIROA projects, the US relies on PRTs and the largely unregulated NGO scene to implement its development program.

Provincial Reconstruction Teams

The PRTs are effective, tightly run, joint military-civilian teams that oversee and coordinate development projects at the provincial level. In 2010, there were 27 PRTs in Afghanistan, of which 12 were directly American-led.⁶⁸ The average US PRT has 80 to 250 people in it, with only three to four civilians. The civilians are usually from USAID, State Department, Department of Justice, and the Department of Agriculture. Of the 1,055 people working in US-led PRTs in 2008, only 34 were civilians.⁶⁹ Military personnel make up the rest of a PRT.

The PRTs are the lynchpin of the ISAF's counterinsurgency strategy. The goal of that strategy is to "shape, clear, hold, build and transfer," meaning that the US will attempt to focus on a specific geographic area where they can push the Taliban out and attempt to quickly establish basic government services before transferring control to GIROA.⁷⁰ The PRTs handle the "build" phase of the counterinsurgency plan.⁷¹ This strategy has been very successful in programs like Operation Moshtarak (which means "together" in Dari), the name for a post-surge, American-led effort to secure Helmand province.⁷² PRTs, however, have three major limitations. First, they are part of the external budget, so they are not coordinated with anyone except other military efforts and a few USAID programs.⁷³ Second, their development agendas remain subservient to military objectives and consistently fail to win the trust of local partners.⁷⁴ Lastly, the size of the overall PRT program is very small compared to other development programs, especially in the NGO and security sectors.⁷⁵

As part of the external aid budget, the ISAF poorly coordinates PRT efforts and as a result struggles to win the trust of locals. US-led PRTs coordinate only amongst each other and the international effort lacks a cohesive overall plan.⁷⁶ There is also broad variance in the way individual PRTs coordinate civilian and military affairs internally. The Germans very closely coordinate affairs, while the Swedish and Finnish civilian development staffs operate somewhat independently, and the Norwegians maintain a strict separation of responsibilities and duties.⁷⁷

Traditionally, independence was an important trait for an aid worker, allowing the aid workers to discuss problems with both sides in a conflict and deliver aid to those caught in the middle.⁷⁸ However, in Afghanistan, the PRTs progressively blur the line between military and civilian, muddling development efforts, and hampering trust-building with local Afghans.⁷⁹ Regardless of the division of labor, the civilians in a PRT often wear military uniforms and travel with a large security contingent. The average Afghan is

unable to tell the difference between a soldier and a civilian development professional.

PRTs spend a large portion of their money just on public diplomacy and trust-building initiatives.⁸⁰ However, many Afghans remain skeptical of the development effort, believing that things will return to the way they were before, once the Americans leave. A 2008 report suggested that the PRTs might actually be counterproductive because they usually end up empowering one local power group over another, often a militia, and they provide a parallel system of government that undermines GIROA. Afghans do not know who to go to for their services and end up trusting no one. One village elder described his hesitancy to embrace the local PRT: “Americans are like Kuchi nomads. They come with their tents for some time, and before you know them, they leave.” The Taliban, he continued, tell locals that “NATO is leaving, but we will be here.”⁸¹ Ongoing public trust issues and ill-defined PRT roles have undermined the impact of PRTs.

Jonathan Goodhand calls the PRTs the “poor-man’s ISAF” because the ISAF concentrates most of its troops and spending in the Kabul region.⁸² As a result, the Kabul region was the first to stabilize from a security standpoint. Meanwhile the PRTs, which have a much closer relationship with the rural provinces where most Afghans live, remain relatively small and underfunded. Many Afghans believe there is a direct relationship between inadequate resources in the countryside and the relative instability of the rural areas. Total PRT spending is below \$120 million per year.⁸³ The US Army says that it fears a “blizzard of cash” in the provinces, and so, maintains very tight control over the finances of PRTs.⁸⁴ The Department of Defense (DOD) assembled some baseline figures for helping potential donor nations gauge the costs associated with running a PRT but admits that it does not formally track spending by PRTs. DOD estimates that donors need \$20 million to establish a PRT and will require roughly \$110 million per year in continuing costs.⁸⁵

In American-led PRTs, the Commander’s Emergency Response Program (CERP) controls virtually all funds. CERP projects are subject to strict approval standards. The PRT commander can only approve projects up to \$25,000; a higher-level commander in Kabul must approve anything larger than that.⁸⁶ Amazingly, the Army prefers to pay by electronic funds transfer, despite the banking limitations of the environment.⁸⁷ By itself, this process should raise serious questions about the character of individuals chosen for PRT projects. Given the realities of Afghan village life, anyone with a bank account capable of receiving electronic funds would probably have tenuous local ties, suspect motivations, or both.

In addition to funding caps, the projects must also be self-sustaining, which means that anything that might require ongoing subsidies, like electricity production, is out of the question.⁸⁸ USAID civilian officials are not as limited as PRT commanders are and are able to run parallel operations from their positions within a PRT. These additional programs are co-located with the PRT but are subject to differing budget and accounting requirements. In addition to CERP programs, USAID officials spent an additional \$638 million in 2006, \$1.1 billion in 2007, and \$706 million in 2008.⁸⁹ Examples of these types of programs include the popular Local Governance and Community Development Program and the Alternative Development Program, a poppy replacement plan.⁹⁰ USAID programs get aid to the rural provinces where Afghans need it most, and they do represent a significant development investment beyond the PRTs, but they remain limited by many of the same factors that constrain the PRTs, including coordination issues, failures of public trust, and overall funding shortfalls.

Nongovernmental Organizations

Enormous aid disbursements to the unregulated NGO sector produce unparalleled opportunities for criminal Afghans and Western companies to enrich themselves at the expense of the Afghan population. Although few reliable statistics exist for how much money the ISAF channels through NGOs, this sector presumably absorbs all ODA not spent through the GIROA central budget, or money spent through PRT/USAID budgets. With post-surge ODA averaging \$10 billion per year, that could be up to \$8 billion per year.⁹¹ As ODA spending surges, so has the number of NGOs looking to profit. Many of the NGOs are not even development programs, but rather fronts for private commercial gain and criminal fraud.⁹² A 2009 report placed the number of NGOs in Afghanistan at over 4,000.⁹³ 2009 Presidential candidate Bashar Dost estimated the number at just over 3,000, of which, he said, roughly 350 were foreign based.⁹⁴ Policy wonks sometimes call these international NGOs, INGOs. The NGO system in Afghanistan spawned a whole plethora of new acronyms including BINGOs, for business-interest-dominated organizations, and MANGOs, for mafia-associated organizations.⁹⁵ BINGOs and MANGOs are indicators of the scale of corruption in the relationship between the NGO sector and the government. In 2010, the Afghan Economics Ministry began investigating cases of fraud. Their efforts disbanded more than 2,000 NGOs for lack of evidence that they were doing anything. After this cleanup there were still more than 1,300 NGOs operating, including approximately 300 foreign-based.⁹⁶

Most of the people employed by these NGOs are Afghans. In the security sector the percentage of Afghans employed is as high as 95 percent.⁹⁷ The number of foreign civilians in Afghanistan is quite low, and protecting those individuals is often bigger business than the actual work that they do. As noted above, the number of foreign government employees is roughly 2,000 for the entire ISAF mission. Additionally, there are approximately 3,000 civilian consultants and fewer than 1,000 foreign security guards, of which only 250 are American.⁹⁸ Most of the roughly 6,000 foreigners live in relative isolation in Kabul and rarely venture out into the provinces. When they travel outside of the capital, they must do so in heavily armored convoys costing thousands of dollars per month. The security needs of NGOs eat up a large chunk of funding. One foreign security guard says, “If a project has a \$100,000 budget, 20 percent of that will be spent on security.”⁹⁹ An armored vehicle costs \$8,000 per month and a foreign security guard costs \$10,000 per month.¹⁰⁰ Comparatively, an Afghan bodyguard will cost around \$700, of which the contractor will pay the guard about \$220 per month.¹⁰¹ Security for an NGO office can be as high as \$600,000 per year.¹⁰²

Registered NGOs cash in on millions of dollars in contracts but they end up spending most of the money on security and high consultant salaries. Although the number of foreigners in Afghanistan is relatively low, they are very noticeable. This fact draws more attention to them and increases security costs. Local Afghans always notice the ubiquitous white SUVs that ferry the foreigners and their guards around town. Locals call them the “\$1,000 men,” because of rumors that they earn more than \$1,000 per day in consultancy fees.¹⁰³ These rumors are often true. One report found a British firm, Crown Agents, paid one man \$207,000 for a 180-day rotation, and another man submitted a bill to the Foreign Office for \$242,000 for 241 days.¹⁰⁴ That amount was ten times the salary of the Minister in charge of the ministry he was advising. The official USAID consultant fee is \$840 per day.¹⁰⁵

High consultant salaries, flashy spending, and decadent lifestyles alienate Afghan civilians and reinforce their differences. High salaries allow the foreigners in Afghanistan to enjoy a very wealthy standard of living compared to their surroundings. Many foreigners rarely leave the exclusive neighborhood where they live, places with names like “Green Village” and “Pleasantville.”¹⁰⁶ US development expert William Strong, a Californian who won a contract to survey Afghanistan’s land registration system, lives in a compound north of Kabul that costs \$12,000 per month.¹⁰⁷ At night, the foreigners dine in exclusive restaurants that serve alcohol, something that is repugnant to Afghan culture and technically illegal. Aid workers consume all

of this wealth in a flashy, high-profile way, and the Afghans notice. Mahdi, a former NGO driver turned Afghan National Army (ANA) soldier says, “The foreigners here are acting like movie stars. They drive big cars, use big guns.”¹⁰⁸ Part of the way foreigners in Kabul live is understandable. They work in very stressful jobs, and at the end of the day, they want to cut loose. The men want to enjoy a beer and the women, who are required to cover-up during the day, want to wear revealing clothing and feel sexy.¹⁰⁹ However, their need to appease earthly desires and the massive amount of money it takes to protect such hedonism only serve to exacerbate the social inequalities between Afghans and the foreign occupiers.

Much of this type of spending is “donor-driven,” meaning it is dependent upon the donor’s need to spend, and not the recipient’s need for a specific project. Journalist Edward Girardet blames this framework for a good portion of the development-related corruption.¹¹⁰ He says that money is not everything to Afghans but they are responding to the situation presented to them. He believes that if NGOs were more frugal with their spending, Afghans would have more respect for the development program and would be less likely to exploit the NGOs.¹¹¹

Afghans do not trust GIROA because they end up getting most of their basic services from NGOs, but they also do not trust the NGOs because of the Western lifestyles.¹¹² They know that GIROA could have used the billions of dollars spent in Afghanistan to bring real change instead of enriching opportunists and criminals. Afghans also know that the US, its troops, and most of its development staff will leave eventually. When that happens, the West will leave Afghan civilians to choose between a corrupt and ineffectual GIROA and a brutal, reactionary Taliban regime. The US is racing against time to build government capacity before that happens, but the rapid increase in troops, ODA, and the accompanying security sector costs only serves to destabilize the country further.

The Future of Corruption in Afghanistan

Defeating corruption in Afghanistan requires the West to refocus the development effort with smaller, better-managed projects and long-term financial commitments. Beyond a certain point, the level of corruption in Afghanistan is proportional to the level of development aid, which is in turn dependent upon foreign troop levels.¹¹³ Officials worry that fewer troops will not be able to handle the insurgency, but they also admit that corruption fuels violence. Defense analyst Anthony Cordesman of the Center for Strategic and International Studies believes that a good portion of the corruption problem will organically fade as foreign troop numbers draw

down. Although, he says, anticorruption and oversight improvements will be necessary if the development effort is to continue beyond 2014.¹¹⁴

An increasing number of Afghans question the benefit they receive from the development program. Many see the American presence as an obtrusive and expensive mission that foisted a corrupt and inefficient government on them while dramatically increasing crime and violence. To a certain degree, they are correct. Ismatullah Shinwari, an MP from Nangarhar Province says, “We have NGOs working in different sectors, but they are corrupt and grabbing money and no one knows where all the money goes. I think, if they leave, there will be no effect. If we get less money than now and we have a transparent administration, I think we will be better than we are now.”¹¹⁵

Ultimately, stopping corruption is a matter of political will. For Afghanistan that will require a significant reduction in both troops and aid money. Additionally, the ISAF should redesign its development effort to better balance military and civilian objectives, improve oversight and contracting procedures, and develop a better partnership with local Afghans. Likewise, GIROA should work to improve police and judicial functions and make a serious effort to prosecute high-level officials. There are numerous examples of countries that were in or near the corruption trap but changed their ways and have gone on to achieve relative development success. Recent examples include Botswana, Estonia, and Liberia.¹¹⁶ Rebuilding Afghanistan is a noble aim, but there are many environmental factors limiting the chances of success. In fact, given the geographic constraints, higher troop levels, and huge aid commitments are further destabilizing the country.

By significantly shrinking the aid budget, the West can starve the malign actors of the resources they need to further their corrupt schemes. In the short term, this would result in a sharp contraction of Afghanistan’s economy, but in the long term, reductions in aid will undermine the robber-baron warlords who have profited so handsomely from the current development program. This will also help foster sustainable and organic economic growth. Regardless of troop levels or aid commitments, Afghanistan will remain poor and racked by insurgency for a long time. Considering this, the West should acknowledge that only a small, efficient and committed development program can build a prosperous and stable Afghanistan.

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