



Integrity in Reconstruction

Afghanistan Executive Summary

Introduction

Around 60% of Afghans believe the government of President Hamid Karzai to be the most corrupt the country has experienced in 50 years, including that of the Taliban, a 2006 survey revealed. This stark statistic underlines the problems still facing the country six years after the Taliban were forced out to the margins by a US-led military intervention. The endemic corruption built up through years of chaos has only recently started receiving the attention it needs if the state is to emerge from the wilderness.

Presidential elections in late 2004 laid foundations for democratic accountability, but state institutions remain weak, uncoordinated and ill equipped to supervise the mammoth task of rebuilding the country. Meanwhile, the new power structure is over-centralised and unable to operate across large swathes of the country due to the unstable security environment. The drugs trade continues apace. Warlords and local chieftains still control many parts of the country and the influence of the Taliban movement remains strong.

In January 2006, financial commitments of more than \$10 billion for the following five years were pledged under the London Compact signed by the Afghan government and major donors. But the foreign development aid effort has been relatively limited, on a per capita basis, compared to other hotspots, such as Iraq and Kosovo.

Many of those running state institutions have no incentive to become more efficient or transparent in their activities, while the policy of rewarding regional warlords with influential government posts in return for a more acquiescent relationship with the central administration has merely opened up further opportunities for corrupt practices. For Afghan citizens, corruption and bribery are now an inevitable part of every day life, from obtaining a domestic electricity supply or driving license to expediting a court hearing or winning a business contract.

Opposition groups have been able to capitalise on the shortcomings of centrally-administered institutions to bolster their own causes. In the light of the failure of the judicial system to solve local disputes, the Taliban were able to reintroduce what were effectively parallel justice systems in some areas.

Civil society and the media have a crucial role to play in stressing the importance of anti-corruption measures and, indeed, public discourse on corruption is gradually gaining strength in the media. Meanwhile popular dissatisfaction with the reconstruction process is being amalgamated with corruption protests – a sign that the link between the two is now being made by many Afghans. Strikingly, there has been little or no research on the topic – something that is badly needed.

Priority areas

Corruption needs to be confronted on a number of distinct, but inter-linked fronts. The rich pickings generated by the opium/heroin trade are a major cause of corrupt practices, affecting society from top to bottom, so success in tackling that would be a major step forward. But strong, transparent government is a vital precursor to dealing with corruption, providing a good example to the rest of the population and laying foundations for the social and economic development that would provide Afghans with an alternative to illegal activities.

The superficial success of presidential and legislative elections cannot disguise that power remains concentrated in the hands of the executive, coordination between institutions remains lacking and that the administration's writ still does not run in large swathes of the provinces. Channelling aid to the state was a priority for donors from the start, but it was never adequately resourced. Government would benefit from greater attention from donors' across the entire Afghan administration.

Corruption within the judiciary needs to be addressed. It should become independent from external influences, allowing citizens appeal court decisions. The budget dedicated to achieving this must be increased – just 3% of security sector expenditure has gone to the judiciary. Police funding and training also needs to be better targeted. Spending on the Afghan police by the US alone in 2007 is projected to total \$2.5 billion, the use of which will require careful monitoring to ensure it ends up in the right places.

The ability of the civil service to do its job across the whole country should be improved. The cooptation of local warlords and clans into national and regional administrations in a bid to nullify their threat to state security has proved ill judged in some cases. This has made it difficult to introduce central government authority at the local level and has increased the scope for corruption.

The gap between the requirements of new official legislation and what is actually happening on the ground needs to be eliminated. Many civil servants are still using informal rules and regulations, mixing old practices with new ones. Too much of the legislation introduced via foreign technical assistance is merely lifted wholesale from other parts of the world rather than tailored for the Afghan context.

The National Assembly needs to become a strong environment in which to introduce claims from organs like the Central Audit Office (CAO). At the regional level, the elected Provincial Councils (PCs) could serve as a strong force for public accountability.

The government and civil service should be made more accountable. Complaints mechanisms for citizens need to be established and the outcomes published. The number of face-to-face contacts between civil servants and the public should be limited to reduce the potential for corrupt practices. The full financial assets of high-ranking civil servants, parliamentarians and deputies must be published.

Civil society needs to be strengthened so that it can provide adequate checks and balances for government actions. To this end, the monitoring role of civil society and the media, which enjoys considerable autonomy, should be strengthened.

Corruption: the context

Afghans may feel corruption is at its height under the present regime, but corrupt practices in the country have a long – if poorly documented – history. Afghanistan's position as a smuggling gateway for goods ranging from drugs heading for western markets to proscribed western products entering the old Soviet Union has contributed to this state of affairs. The situation worsened in 1992-96, with the civil war, as the central state became less coherent and control passed to regional power holders.

The perception of the Taliban period as one of fewer corrupt practices may in part be attributable to that regime's high-profile punishment of petty corruption and by the lack of normal bureaucratic interaction with the public by an administration shaped by religious beliefs. However, it is likely that corruption remained widespread.

The Bonn Accord of 2001 laid the basis for the institutions of the new Afghan state, but preserved the structures and administrative rules and procedures of the old administration. This meant that the administrative heritage of the Soviet regime, and also that Mojahiddin rule (1992-96) served as the basis for public administration with limited modernisation. An emphasis was placed on ethnic balance in public life, rather than providing a genuine voice for the population.

In the post-conflict era, the majority of appointments of high-ranking police and customs officials, governors, junior ministers and heads of other agencies have been political, while the fairness of infrastructure funding allocation to well-connected local and international companies has been questioned. Low pay in much of the civil service, the judiciary and the police force has done little to dampen down bribery and cut bureaucracy.

The World Bank and other major actors initially pushed for reform of the bloated and inefficient public administration reform, but met resistance from the government. The Priority Reform and Restructuring (PRR) of the public administration was introduced by the government, but this consisted of small and voluntary reforms. In fact, the administration still has little idea of how many people it actually employs, which has left the way open for extensive wage fraud.

Meanwhile, in the country's more remote areas, where central power is weak or non-existent, the trade-offs involved in keeping regional commanders within the political process has resulted in them retaining considerable resources. Four key regional

commanders were recently estimated to have access to more than USD one billion in custom taxes annually between them, of which, it is alleged, less than 10% went to the central government.

Current anti-corruption activities

By 2006, public disaffection with the reconstruction process, together with greater international interest in the subject, forced the government to rethink its approach to fighting corruption. Donors and aid agencies have only recently started to prioritise anti-corruption measures and, despite numerous consultations and strategy documents, a coherent approach has yet to emerge.

The General Independent Administration for Anti Corruption (GIAAC) was created in November 2004 to crack down on corrupt practices, but has had limited success. The Director M. Wassefi is now under growing pressure from Parliament. It was hoped that the 2006 London Compact donor meeting would agree on a series of anti-corruption measures to be implemented by the new Afghan National Development Strategy (ANDS) office. However, the only concrete step to emerge was an agreement to ratify the United Nations Convention Against Corruption (UNCAC). Any further commitments were deemed either too politically sensitive or unrealistic. A decision has been made to centre anti-corruption efforts on Kabul, due to limited resources and security risks elsewhere, but many of the details of this effort have yet to be hammered out.

More effective in the fight against corruption may be the spotlight recently illuminating the activities of some ministers. In 2005, two deputy ministers and six officials were jailed for skimming money from finances allocated for sending Afghans on the Haj to Mecca. The investigation was backed by political pressure from President Karzai, which helped the case to proceed to court. Niamatullah Shahrani, Minister for the Haj and Religious Affairs put in place procedures to ensure transparent selection of beneficiaries for the Haj the following year. Other anti-corruption efforts, such as installing cameras in finance ministry offices in a bid to control wrong-doing by civil servants, may be aimed as much at getting the attention of donors rather than at reducing corruption.

Attempts to reform the judiciary have been hampered by ideological issues. More than 60% of the judiciary's personnel come from traditional and Islamic schools, with no links to modern law. This has scuppered efforts to make the judiciary more effective, and has done little to improve its image among Afghans. The 3% of security sector reform support going to the judicial sector contrasts with 28% for police reform and 60% for the army. This inattention comes at a high price, as Afghans revert to the traditional system due to the failings of the modern legal system.

Progress towards a National Integrity System

The Reconstruction National Integrity System (RNIS) provides a framework through which to assess the impact and legacies of conflict, political and institutional issues and the role of donors in establishing integrity.

Progress towards the creation of an RNIS has been slow, held back by on-going violence and a lack of investment in infrastructure and capacity building. Efforts to modernise the administrative system since the end of Taliban rule have not always resulted in a system that works better. The juxtaposition of contradicting rules and habits have led to ineffective administration. Long-standing local practices are often given precedence over the written rules.

State institutions: Power is still heavily concentrated in the hands of the president and senior ministers. President Karzai controls the executive, the legislature and the judiciary. Decisions can be approved, even if they are against the law, and rules can be bent. There is little capacity to oversee public expenditure. In much of the Karzai era, the Supreme Court has been appointed on a political basis to ensure backing for the executive, though recently parliament has bared its teeth on this issue, rejecting several candidates proposed by the president.

Decentralisation: Although the principle of decentralisation is asserted by the constitution, in practice little has taken place. The role of the Provincial Councils elected in September 2005, which are supposed to endorse decentralisation, is not clearly defined. The international community's mission to create a cohesive federal state, together with the central government's lack of control over much Afghan territory, resulted in areas of vagueness in the constitution concerning decentralisation mechanisms. There is no clear overall vision or strategy for strengthening local government. Uncoordinated bodies are being established at provincial and lower levels, some with access to large sums of donor funding.

Funding: The World Bank administers the Afghanistan Reconstruction Trust Fund (ARTF), established in 2002, which is supposed to handle funding to the government from the international community. In fact, much initial funding to the country bypassed this structure, being spent by UN agencies, NGOs and private contractors. Later funding by USAID also eluded the ARTF structure – less than 5% of USAID money is channelled through the ARTF today.

The media's role: In the absence of a genuine civil society, the media has become the fourth power. In many ways the media is more powerful than the National Assembly and the weak judiciary. Backed by the international community, the media has become a useful tool for channelling the demands of the population into the public arena.

Effectiveness of anti-corruption reforms

While the government has acknowledged the extent of corruption and efforts to create a basis for a more transparent and accountable society, only limited progress has been made. A few government figures and civil servants have lost their jobs or been censured, but such headline-grabbing measures have done little to dim public perceptions of widespread corruption. And in regions where the government has little or no control, anti-corruption measures have virtually no effect.

Popular demand for improved accountability and anti-corruption measures have grown since the summer of 2006, as the security situation has worsened. The Afghan state and

international donors are widely seen to be failing at their task of securing stability and development. Corruption coverage in the media is increasing, as are debates on the issue in parliament.

A failure to carry through judicial reform has enabled non-state actors to provide parallel legal services. The Taliban movement appears to be gaining popularity, partly because it can offer a working alternative to the dysfunctional and corrupt judicial sector in certain districts.

The population is now becoming more vocal about the failure of the Afghan administration and of the international community to focus more resources on fighting corruption. This is now being identified as a necessary part of moving from the initial post-conflict stage into the development phase of Afghanistan's reconstruction process, though it is far from clear that the resources necessary for such a clean-up will be forthcoming.

Case Studies Summary

Assessing the National Solidarity Programme: The Role of Accountability in Reconstruction

Workable accountability mechanisms have proved crucial to the success of the Afghan National Solidarity Programme (NSP), a government-led initiative, designed to bolster support for post-conflict reconstruction across rural Afghanistan.

The NSP has established Community Development Councils (CDCs), charged with the design and implementation of local development projects in almost two-thirds of Afghanistan's estimated 24,000 villages. By doing this, the programme aims to give the wider community a voice in how grants allocated by the government for rural infrastructure projects are spent, effectively diluting the influence of established local power holders, such as warlords, or co-opting them into the development process.

The NSP has shown the benefits of combining social and vertical accountability mechanisms. Communities themselves were in charge of the decision-making process, while international NGOs, in charge of capacity building at community level, reported back to those in charge of implementing the programme – the Ministry of Rural Rehabilitation and Development and the World Bank.

The NGOs were answerable through performance, rules and guidelines to the implementing partners in an example of classic top-down accountability. For the communities implementing the programme, transparency was strived for through locally acceptable mechanisms, such as posting up expenses and community meetings. Prevalent norms also shaped accountability. In Pashtun areas, where strong social cohesion was ensured by a significant collective identity, accountability was based more on trust. Jirgas were convened in these villages when serious issues were at stake. The "trust principle" worked in many villages as an effective tool for accountability.

In other cases, community gatherings have engaged in social auditing of projects, requiring the NGOs to account for their decisions in front of villagers. This might include checking how quantities and prices for a given project have been arrived at. Bottom-up accountability was bolstered by the use of local resources and local contractors, as well as efforts to empower communities to check on implementation and procedures. All this helped ensure mutual enforceability of implemented grants from top to bottom of the programme.

The overall effectiveness of the NSP is difficult to gauge due to its multiplicity of strands, all in all, the accountability mechanisms employed have produced some positive outcomes in comparison to other reconstruction programmes. There is, however, a need for still more transparency on costs to reduce the scope for corruption at all points in the chain.

Afghan Roads Reconstruction: Deconstruction of Lucrative Assistance

Only security expenditure absorbs more aid money than road building in Afghanistan. This is largely due to the high priority given to the reconstruction of the road system as a catalyst for economic growth, security improvements and regional integration. Pressure to achieve quick results, especially for the most symbolic roads, has led to the tolerance of wasteful, low quality road constructions programmes.

Two such symbolic routes – Kabul-Kandahar and the Kabul airport road -- are flagships for post-Taliban era reconstruction. But a case study of these projects reveal their perceived importance boosted the amount of money made available for them, as well as creating potential to squander assistance. The private companies contracted were thus in a position to carry out work on a very lucrative basis, with the real costs buried within a web of sub-contractors and other intermediaries. Bidding processes, where they occurred, only appeared superficially to be competitive.

Weak procedural constraints were set up by donors to control these and other risks. Those implementing the work gained more plaudits if the work was done quickly, regardless of quality or cost effectiveness. The need to provide security to enable road builders to operate safely added significant extra costs.

The outcome has been the construction of roads that may not survive long. Effective mechanisms are badly needed to ensure roads are, at least, maintained intact after being handed over to the government.

Integrity Watch Afghanistan (IWA)

The goal of Integrity Watch Afghanistan is to “increase transparency, integrity and accountability in Afghanistan through the provision of policy-oriented research, development of training tools and facilitation of policy dialogue” putting corruption under the spotlight so that society and policy makers can engage in dialogue and develop solutions. IWA has already produced the first research on integrity issues specific to the Afghan context and has also been able to put together a competent and committed team composed mostly of highly skilled Afghan researchers.

IWA is committed to function as an independent and accountable organization and thus all strategies and programmatic activities of IWA will be directed by an executive under the guidance of a board composed of well-respected Afghan and international personalities of high integrity. IWA’s board is composed mainly by Afghans who represent two thirds of its members and internationals representing the other third.

For further information see: www.iwaweb.org

Tiri

Tiri is an international NGO based in London that partners with civil society, governments, and business to create networks of committed change agents dedicated to strategic integrity reform. Tiri is an incubator and facilitates innovative reforms and provides a critical learning platform to disseminate cutting-edge experiences.

This paper is the summary of a series of eight studies of post-war reconstruction countries commissioned by Tiri and funded by the Norwegian Ministry for Foreign Affairs and the Foundation Open Society Institute. All studies are accessible on www.tiri.org

Eight local policy centres undertook research using a shared terms of reference. The countries covered are Afghanistan, Bosnia Herzegovina, Kosovo, Lebanon, Mozambique, Palestine, Sierra Leone, Timor Leste. The research is the basis for an advocacy and monitoring agenda to promote integrity in reconstruction both within the eight countries and internationally. Together, these groups form the Network for Integrity in Reconstruction (NIR).

All material contained in this survey was believed to be accurate as of May 10th, 2007. Every effort has been made to verify the information contained herein, including allegation. Nevertheless, Tiri does not accept the responsibility for the consequences of the use of this information for other purposes or in other contexts.



Tiri

Downstream Building (3rd fl),
1, London Bridge,
London SE1 9BG
United Kingdom

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