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"Improving Afghanistan's Governance By Fighting Commercial and Government Corruption"

By [Major General Arnold Fields \(Ret'd.\)](#)

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Corruption is a global phenomenon. It needs to be firmly addressed by all nations and individuals. Corruption exists in developed and developing countries. No nation is immune from it but many nations have worked to overcome its ill effects.

A review of Transparency International's most recent assessment of global corruption suggests that *every* nation on the planet has a corruption problem - no less than 175 countries in Transparency International's 2014 list of *least* and *most* corrupt nations. Only Denmark, with a score of 92, followed by New Zealand (91) can be considered the least corrupt. A score of "100" suggests a country is perceived to be *highly clean* and a score of "0" to be *highly corrupt*.

I was pleased to find that Afghanistan was among nations showing some of the biggest improvement on the 2014 Corruption Perceptions Index (CPI). Among other nations with such distinction were Cote d'Ivoire, Egypt, Jordan, Mali, Saint Vincent and the Grenadines, and Swaziland. Afghanistan's CPI had been a mere 8 during years 2012 and 2013 but realized a modicum of improvement to a CPI of 12 in 2014, but sadly remained with a ranking of 172 of 175 nations. The biggest decliners were Angola (161), China (100), Rwanda (55), and Turkey (64). For those of us involved in Afghanistan's reconstruction agenda over the past decade, Afghanistan's modest ascension on the [CPI index](#) was more than just a small measure of significance.

Afghanistan must start showing more dramatic improvement against government and commercial corruption now. I am not inclined to suggest that Afghanistan has "turned the corner" in addressing its substantial corruption issues or that those involved in supporting Afghanistan's massive reconstruction initiatives have all suddenly decided to be more ethical and just in their work and engagements. One only needs to review the Special Inspector General for Afghanistan Reconstruction's ([SIGAR](#)) most recent *Quarterly Report to Congress* to discover the depth and breadth of corruption that still prevails.

SIGAR reports that corruption and contract fraud remain major sources of Afghanistan's illegal revenues and laundered funds and that the nation remains burdened by weak or nonexistent supervisory and enforcement regimes, coupled with weak political will to combat corruption. The U.S. Department of Treasury has warned that Afghanistan's banking system will

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become isolated from the rest of the world and unable to provide key financial services if it does not aggressively enforce laws designed to prevent money laundering and terror financing. SIGAR opened 29 new investigations between January 2015 and March 2015, of which five were characterized as purely corruption and 12 as procurement/contract fraud, which is corruption, too. There were three arrests, seven convictions, four sentencing, and the exclusion of two individuals from U.S. military installations in Afghanistan. The Inspector General referred 22 individuals and 22 companies for suspension or debarment, and over 320 investigations remained open. So, corruption in Afghanistan is still alive and well; and to be clear, it involves Afghanistan institutions and international entities as well.



Picture: [Patrick Tsui/FCO](#)

In his remarks at the [London Donor Conference](#) in December 2014, Afghanistan President Ghani acknowledged that corruption is a problem and took executive ownership thereof. He pledged to deliver solutions and improvements and to begin the shift from “why” to “how” his government will tackle the issues. Later, in his address to the [U.S. Congress, President Ghani](#) described corruption as a *cancer* which permeates his government and pledged to eliminate it as a precursor to self-reliance. To this end, the United States Government (USG) has for many years provided assistance to Afghanistan in support of specific programs designed to improve

rule of law and to advance anti-corruption initiatives. Over \$218 million of such funds have been disbursed for these purposes since 2010. The USG has provided almost \$110 billion for overall relief and reconstruction in Afghanistan since 2002.

There is currently no paucity of programs and mechanisms to help fight corruption in Afghanistan. For example, these include: The High Office of Oversight and Anti-Corruption (HOOAC), Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC), Anti-Corruption Unit (ACU) of the Attorney General’s Office, Major Crimes Task Force (MCTF) of the Ministry of Interior, Senior High-Level Committee on Anti-Corruption, Counter-Corruption Working Group, International Contract Corruption Task Force (ICCTF), U.S. Department of State Justice Sector Support program (JSSP), and U.S. Justice Training Transition Program (JTTP). And this list is not exhaustive.

Nevertheless, Afghanistan must begin making more dramatic progress against corruption. Other nations challenged by severe issues involving corruption, security, governance, and development have managed to succeed. For example, *The Economist Magazine* once reported that Africa was the “*hopeless continent*”. And then about a decade later, in its December 2011 issue, *The Economist* reported that Africa was “*on the rise*”, the “*hopeful continent*” and over the preceding decade, six of the world’s ten fastest-growing countries were in Africa. They included such places as Ethiopia, Rwanda, and Uganda which previously had a history of considerable unrest and economic challenge.

As international assistance is projected to decline in the ensuing years, it is becoming increasingly important—if not imperative -- for Afghanistan to become more attractive to international investors, traders and businessmen and women involved in regional private sector development. For example, the international donor community anticipates that Afghanistan’s mining industry will help offset funding deficits but SIGAR reports that it’s uncertain when this sector will begin to produce sufficient revenues. Actual receipts from mining revenues only amounted to about \$7 million in Fiscal Year 2014, mostly in royalties and fees. Therefore, it is urgent that Afghanistan continue to improve its governance by fighting corruption in all sectors - including commercial and government.

President Ghani has already taken decisive steps to address the corruption concerns voiced at the 2014 London Donor Conference. For example, following a SIGAR investigation, he suspended certain officials involved in a [fuel contract](#) which by price-fixing, bid-rigging, and bribery had increased the contract's cost by more than \$214 million. Moreover, he cancelled the entire contract, reports SIGAR, and warned the involved contractors of possible debarment. Streams of initiatives like this should send a strong message. Discovery and corrective action, as appropriate, should be routine and agencies empowered to root out corruption and fix the problem at all levels within the government structure should be supported. Few such issues should rise to the Head of State for action. President Ghani has taken ownership of his country's corruption challenges and now every institution should do the same.



In closing, I would like to review a few very relevant "Extractive Industries Transparency Initiative" (EITI) principles which Afghanistan should find useful in fighting corruption within the government and commercial sectors.

1. Recognize that achievement of greater transparency must be set in the context of respect for contracts and laws.
2. Recognize the enhanced environment for domestic and foreign direct investment that financial transparency may bring.
3. Believe in the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.
4. Be committed to encouraging high standards of transparency and accountability in public life, government operations and business.

With a commitment to these principles in 2015-2016, Afghanistan should see a dramatic improvement in its national anti-corruption rankings, improved investor interest in key sectors and longer term private sector led growth.



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