

“If the international community wants to secure the real gains it has made in Afghanistan, it needs to stop obsessing about the troop drawdown and begin figuring out how to avert the funding drawdown that is the single biggest threat to Afghanistan’s future.”

## The Other Drawdown in Afghanistan

C. CHRISTINE FAIR

On December 28, 2014, the combat mission of the NATO International Security Assistance Force (ISAF) in Afghanistan ended after 13 years. The transition to Afghan responsibility for security was heralded by ritually retiring ISAF’s green flag during a secret ceremony conducted in a basketball gymnasium inside the mission’s Kabul headquarters. During the event, the American ISAF commander, Gen. John F. Campbell, declared, “Our commitment to Afghanistan endures. . . . We are not walking away.” The confidence of the commander was strangely disconnected from the reality of the insurgency raging outside. After all, the ceremony was held surreptitiously out of fear: The Taliban have long been able to conduct deadly attacks at will in the capital.

The number of foreign troops in Afghanistan peaked in 2009 at some 142,000 amid the temporary surge of forces ordered that year by US President Barack Obama. This number was never enough to defeat the Taliban. If one took the US counterinsurgency doctrine seriously, the mission required more like 450,000 troops. At the end of 2014, there were fewer than 17,000 foreign troops in the country. Throughout 2015, between 12,500 and 13,500 troops will remain in a training and support role, of whom about 5,000 will be Americans.

By the time the ISAF flag was retired, the hand-wringing had already begun in Washington. As the Islamic State jihadist group ravaged Iraq, Obama’s critics skewered him for abandoning that country. Observers at home and abroad wondered

if the drawdown in Afghanistan would lead to a similar tragedy there. With Afghan forces left to fend for themselves, will the Taliban again seize the country and restore its former status as an epicenter for international terrorism?

I contend that those who worry about Afghanistan’s fate and the departure of foreign military forces are asking the wrong questions about the wrong drawdown. Ultimately, it matters very little how many troops remain and what those troops will do when there is no one left to pay Afghanistan’s massive bills. In the past 13 years, there have been important gains in Afghanistan, especially in human development. Life expectancy has increased by some 10 years since 2001. Infant mortality has declined. Nearly one in two Afghans now has access to basic health care, and school enrollment has expanded dramatically, especially for girls. However, these gains can be reversed. Arguably, the most important impediment to sustaining the gains made in Afghanistan is the drawdown of economic support and deep donor fatigue.

### THE LAST ROAD SHOW?

Earlier in December 2014, representatives of the United States and other ostensibly stalwart supporters of Afghanistan met in London for the 11th “donor conference” since the war began. Donor conferences had been held in far-flung cities across the world like Tokyo, Chicago, Bonn, and Paris in what became an endless road show. The conferences featured solemn pledges by various countries to aid Afghanistan. While the pledges made headlines, donors’ reneging on those commitments rarely did. Attesting to the flagging enthusiasm of Afghanistan’s erstwhile friends, this last donors’ conference in London did not aim to garner additional promises of aid, but rather to

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encourage those who had already made commitments to follow through on them.

It is easy to understand how these promises so often fail to materialize. Countries send foreign ministers or even presidents to donors' conferences; they make grandiose pledges of support in front of the cameras to thundering applause. However, such eminent persons do not write their countries' checks. In many cases these leaders are unable to persuade their parliaments to budget the promised resources. Even if some of the monies make it into the budget, this does not mean that they will ever get to Afghanistan.

Many donor nations face numerous problems in trying to deliver their assistance in countries like Afghanistan, which are riven with insecurity, corruption, deficient governance structures, and predatory nongovernmental organizations and contractors that have been established in many cases to capture the rents of foreign aid programs. Moreover, these aid plans tend to reflect the politics of the donor country more than the recipient's requirements. Most countries have devised elaborate assistance strategies that are derived from their national priorities and strategic interests rather than an assessment of Afghanistan's needs. Sometimes the programs conflict violently with local customs, religious sentiment, physical terrain, and economic activities. Almost invariably they distort incentives and make long-term governance improvements less likely. And as long as international contractors and NGOs are executing these aid programs, there is very little motivation to engage in much-needed transfers of skills to Afghans.

Equally problematic, many countries prefer not to route their assistance through the Afghan budget, opting to direct aid through a web of favored contractors. Being a contractor is big business. It is even bigger business to provide private security for these contractors. Sometimes governments cannot find contractors to carry out projects as specified due to degraded security conditions that make the work impossible. In many cases, project managers at the various embassies cannot travel to verify that the work has taken place at all because of security and other constraints. The end result, according to the Afghan government, is that only about half of the pledged international support actually makes it

to Afghanistan, and only about 20 percent of it is routed through the Afghan budget.

Yet as foreign soldiers come home, foreign appetites to keep footing the bill will continue to wane. Converting promises into reality will become harder. After all, parliaments may care more about such support when the lives and well-being of their troops are at stake. When there are no more troops, what will motivate them to follow through on past commitments, much less make new ones?

## RAMPANT GRAFT

Part of this deepening donor fatigue is inspired by the industrial-strength corruption that flourished on former President Hamid Karzai's watch. Stories of stolen millions and even billions are abundant. In 2013, the office of the US Special Inspector General for Afghanistan Reconstruction (SIGAR) declared that it had located \$50 million in missing American taxpayer money in an Afghan

bank. After SIGAR identified the bank account, secured a court order, and asked the Afghan government to intervene, the account was eventually frozen. However, following the intervention of a powerful unnamed

bureaucrat in Kabul, the money disappeared.

But this was chump change compared with the fiasco at Kabul Bank, where executives used \$1.3 billion in deposits as their private slush funds. They ran the bank like a Ponzi scheme, creating bogus companies and then writing loans to them. They dispersed the cash to the bank's shareholders, businessmen, cabinet ministers, parliamentarians, former politicians, and other members of Afghanistan's corrupt elite, who used the money to finance their business ventures and luxurious lifestyles, and even to bankroll Karzai's 2009 presidential campaign and his subsequent political agenda. When the Afghan public learned of the scandal, Washington had to bail out the criminal enterprise with another \$820 million in US taxpayer funds.

While headlines dilate on Afghan corruption, the international community has itself to blame as much as thieving Afghan elites. As the international presence expanded, so did the sums needed to build the multiplying bases, roads, schools, bridges, government buildings, airports,

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and myriad other projects. These monies were spent through contractors who took their share of the cash as overhead fees and then wrote subcontracts to other firms that greased their palms. And those subcontractors took their share of fees and wrote subcontracts to those who paid them in turn. Eventually some contractor or another did the work, using substandard products and at an absurd price, with little oversight and few consequences. Many of those at the top of the food chain were American “institutional contractors,” the large companies that are the recipients of massive outlays from the US Agency for International Development (USAID). Ironically, many of these corrupt contractors were hired to implement anticorruption programs. In early 2010, Richard Holbrooke, then US special representative for Afghanistan and Pakistan, testified before Congress that for every American dollar allocated to Afghanistan, some ninety cents eventually return to the United States in contractor fees. It is hard to escape the conclusion that USAID really is US aid.

Corruption is just as bad if not worse when it involves American and international military forces. As the international community surged its

troops, the supply requirements of these troops also swelled. Military forces were inadequate to protect the convoys moving into Afghanistan from Pakistan, so defense contractors often bribed the Taliban not to attack the trucks. While this drew much ire in Washington, the rage was misplaced. How else were those supplies going to end up at their destination if such bribes were not paid? The result was that a steady and sizable fraction of weapons, vehicles, and salary funds, among other resources provided to the Afghans, went to the insurgents.

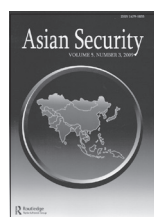
Any visitor to the sprawling military bases in the country witnessed the vast sums of money that went to local power brokers who could make the lives of the international forces there harder or easier. They were engaged to build the bases, lease hundreds of vehicles, and implement military-led projects. When their loyalties could be rented, they were called strongmen. When they could not be co-opted, they were “insurgents,” “terrorists,” or “warlords.”

The strongmen often have ties to the insurgents and other criminal elements operating in the area. Roads could be made safe by paying off the right men. Failure to do so could result in important

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intelligence being provided to the insurgents. International military forces turned their backs to the crimes of their strongman allies, whether these involved wanton killing, smuggling contraband, child marriage, or keeping catamites. Tolerance for these activities would inevitably be rationalized with such sayings as, "There is no one here without blood on his hands." With international money, the strongmen were able to get their hands even bloodier.

On a nearly weekly basis, SIGAR details the pervasive fraud that Americans and their business partners have engaged in over the course of this war. Yet most media coverage of the graft in Afghanistan focuses on the petty corruption: the bribes that Afghans must pay to get the police or other government officials to do their jobs. Few observers have said what needs to be said: Afghanistan is corrupt because the international community facilitated, if it did not erect, this vast system of corruption. With these fiscal hijinks persisting, why should the world's parliaments continue paying when their voting publics are no longer interested in fighting the war and lining the pockets of a rogues' gallery of Afghan and international kleptocrats?

## DIVIDED GOVERNMENT

Karzai never took the corruption seriously. He was more interested in ensuring that his patronage networks were happy so he could stay in power and alive. Indeed, his near and extended family members and political patrons often seemed to be at the center of multifarious criminal enterprises. Some Afghanistan watchers were relieved when Ashraf Ghani, a former finance minister and World Bank official, appeared to win the 2014 presidential election. Surely Ghani, who had literally made a business of fixing failed states, would be able to salvage the situation. This optimism proved short-lived when his competitor, former Foreign Minister Abdullah Abdullah, alleged massive vote fraud and threatened to destabilize the government. After a tumultuous summer of political wrangling, the two now cohabit in government, with Ghani as president and Abdullah in the ill-defined role of chief executive officer, under a power-sharing agreement that seems "Afghan good enough," to use a phrase laced with a racism of lowered expectations that has been popularized by foreigners working in the country.

If international donors in London had hoped that Ghani and Abdullah could provide confidence

that Afghanistan's financial straits would now be taken seriously, they were seriously disappointed. The two men could not patch up their differences to assemble a working government, even though the country is broke and the stakes could not be higher. According to Afghanistan's constitution, the new president must appoint a cabinet within 60 days. That deadline had long lapsed. Until very recently, for all intents and purposes the administration consisted only of Ghani and Abdullah, along with their immediate deputies and acolytes. This is how they presented themselves and their government at the London conference. Even though donors were quick to make excuses and play down the reality of the fiasco, genuine questions persist about how these rivals will govern Afghanistan as the foreign soldiers are leaving and the foreign money may be drying up. In late January, Ghani finally proposed cabinet nominees; however, the parliament has rejected many of his candidates. At the time of writing, only a partial cabinet is functioning.

Despite high hopes for the duo, they have done little to tackle corruption or other issues looming over Afghanistan's financial future. How will such a divided government muster the requisite political will to deal with the nation's pressing and intractable problems? It won't. Not only has the new administration shown inadequate resolve to revisit serious corruption cases such as the Kabul Bank affair, but it has displayed little interest in finding some path to fiscal self-sufficiency. Left to their own devices, the two rivals in charge are unlikely to make progress. The international community must insist on greater transparency in how aid is used.

It should condition any aid on real reforms in Afghanistan's public institutions. These reforms would include working to eliminate corruption and making actual progress toward rule of law, as well as serious improvements in the ministries of interior and justice, among others. It is essential to seriously focus on building national and subnational governance capacity and the ability to raise revenue and execute budgets. These are not new or even provocative ideas. Everyone has long understood the numerous deficiencies in the capital, in the provinces, and in the districts. However, building the national security forces has long hogged resources and policy makers' attention. Building other institutions has never enjoyed the same focus or amount of resources. And it is not clear that the international community has felt

enough disgust at the new class of corrupt elites that its own business practices have created. After all, these elites have enabled international projects to function in the near term, even if they threaten to destroy hard-earned gains in the longer term through their predatory behavior.

But the international community itself has for so long been part of the problem, preferring to work off-budget through dubious business models and dodgy contractors instead of routing funds through the government budget. Afghan corruption and lack of capacity are cited as the primary reason for this practice. Yet by refusing to work with Afghan governance structures, these international donors contribute to the compounding failures to develop state capacity. It has been a vicious cycle with no end in sight.

The revenue shortages are real and they are acute. Many of the expensive revenue-generation projects paid for by the United States and others have flopped, according to the Afghan finance ministry. These projects, which focused on copper mining, lumber production, railway fees, and oil transit, have cumulatively yielded virtually no revenue. At the same time, tax and customs revenues consistently fail to miss their targets. This is no doubt due to the decrease in trade volume and spending as the security situation degrades and the wartime economy retrenches. This trend will continue.

With security becoming ever more of a concern, private-sector investment will continue to decline. As aid missions draw down, they are no longer renting out the capacious and ostentatious “poppy palaces” that narcotraffickers built in Kabul and elsewhere to launder their money. Real estate values are plummeting as a consequence. As foreign missions—military and civilian alike—close shop, they leave behind hordes of Afghan translators, drivers, and local staff members who grew accustomed to unsustainable wages. Those Afghans with the ability to relocate abroad or move their money to foreign banks are likely to do so. Brain drain and capital flight are real challenges to sustaining the gains made thus far.

## NAJIBULLAH’S SHADOW

While the international community may be tired of paying Afghanistan’s bills, it has a moral

imperative to do so. First, the Americans insisted on building the current Afghan government. It is the largest government that has ever existed in the country’s history. In fact, according to SIGAR’s July 2014 quarterly report to the US Congress, the Americans have now spent more in Afghanistan (\$104 billion), adjusting for inflation, than they did on the entire Marshall Plan (\$103.4 billion), which helped rebuild 16 countries after World War II. Most of this Afghan funding went to build up the military and police forces to a scale that the country simply cannot afford under any secular mathematics. The Soviet enterprise in Afghanistan was far more modest.

Second, under no realistic scenario can the country pay for itself. Sustaining the government will require about \$7 billion a year for the next decade. In 2014, the Obama administration requested \$2.1 billion for Afghanistan; Congress approved about half of that amount. The country has natural resources such as rare minerals,

and it could be a transit corridor for natural gas as well as goods. But this requires infrastructure like roads, rail, and bridges. The prevailing security environment will prevent Afghanistan from building that kind of infrastructure,

rendering it persistently unable to capitalize on its resources. While the government is hopeful that it will be able to raise enough tax revenue to cover about 20-30 percent of its budget this year, the war economy is retrenching, not expanding. The presidential election has not brought any of the fiscal stability that Afghans were hoping for. The failure of Ghani and Abdullah to form a government in a timely fashion offers little hope that they can fix the situation.

Third, even though a consistent chorus of scholars has been warning about the need for an economic transition, the Americans and their partners simply deferred thinking about it. Some proponents of the oversized state-building effort in Afghanistan pointed to the perduring US presence in South Korea as evidence that the Americans can stay—and pay—in Afghanistan for the long haul. The realities of a dramatic contraction in the Afghan economy coupled with donor fatigue have proved these optimists to be gravely mistaken.

However, any student of Afghan history will tell you that it is not the number of foreign troops

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that matters most in securing a post-occupation future; rather, it is the difference between fiscal support and abandonment. When the Soviets withdrew their last soldier across the Amu Darya in February 1989, Moscow's man, Mohammad Najibullah Ahmadzai, was left behind as the president of Afghanistan. Najibullah, a Marxist, was not popular. The country's most predatory neighbor, Pakistan, was deeply disappointed that the 1988 Geneva Accords (a bilateral agreement between Kabul and Islamabad, guaranteed by the United States and the Soviet Union) did not install an Islamist at the helm. After all, in Pakistan's narrative, it was the sacrifices of the mujahideen that ousted the Soviets. Consequently, Pakistan threw its weight behind the Pashtun warlord Gulbuddin Hekmatyar and other mujahideen commanders in hopes that they could seize Kabul and protect Pakistan's interests. Pakistan and virtually everyone else expected Najibullah to fall when there were no Soviet troops left to support him. They were all surprised that this did not happen immediately.

While Moscow provided no troops to prop up Najibullah, it did supply budgetary support that allowed him to pay his armed forces and other governmental salaries as well as continue plying important patrons and allies with funds. This allowed him to hang onto power even though he was deeply unpopular and Pakistan was fully engaged in supporting his enemies. But when the Soviet Union broke up and Russia, the main successor state, could no longer continue to subsidize Afghanistan, Najibullah's government fell in April 1992. Meanwhile, Afghanistan's near and far neighbors rallied around the militias of their choice, seeking to shape the country's affairs. After his ouster, Najibullah lived in the United Nations compound in Kabul until 1996, when the Taliban seized the capital and stormed the compound. Before publicly hanging him, they castrated him and dragged him behind a truck through the streets of Kabul.

### **ALTERNATE STAKEHOLDERS**

If the international community wants to secure the real gains it has made in Afghanistan, it needs to stop obsessing about the troop drawdown and begin figuring out how to avert the funding drawdown that is the single biggest threat to Afghanistan's future. Afghan national security forces are adequate to keep the Taliban from circling the wagons around Kabul as long as they are

paid. However, when these forces are no longer compensated, they will disintegrate back into the menagerie of militias from which they were assembled in the first instance.

The United States must take advantage of the fact that countries like China and India have enduring interests in Afghanistan. India has long been a dedicated donor in Afghanistan, and is now the country's fifth-largest bilateral donor. For India, Afghanistan poses real security risks. Throughout the 1990s, Islamist terrorists trained in Afghanistan and conducted operations in India. New Delhi is highly motivated to prevent this scenario from recurring. During the period of Taliban rule, India provided considerable assistance to the Northern Alliance, which was the only opposition to the Taliban. India continues to signal its desire to play a more significant role in Afghanistan. However, the United States has tended to defer to Pakistani sensitivities and thus has been ambivalent about encouraging India to be more active. This ambivalence should end.

China, for its part, is keen to help bring about some kind of peace in Afghanistan. China has begun engaging in diplomacy with the Taliban as well as Pakistan. In February 2015, during a trip to Pakistan, Chinese Foreign Minister Wang Yi announced that Beijing would be willing to help jumpstart the moribund peace process with the Afghan Taliban. China is motivated by money and terrorism. It has made substantial investments in Afghanistan and Pakistan. With its stakes in mineral extraction as well in roads, rails, and energy generation, China is Afghanistan's largest foreign investor. In Pakistan, China has invested in the deep-water port at Gwador, among other transport and infrastructure projects. It can reap the maximal rewards from those investments only when there is some degree of stability in both countries. Moreover, China is wary of Pakistan because of the role it has played in fostering Islamist terrorism in China (Beijing has alleged that ethnic Uighur separatists trained with the East Turkestan Islamic Movement in Pakistan). As the United States and its NATO partners recognize that their ability to stay in Afghanistan is waning, they must reach out to countries like China and India that have serious stakes in stabilizing the country as well as growing economies to back those interests.

If the international community fails to plot a sustainable financial future for Afghanistan, there is one country that will benefit: Pakistan. It is

already poised to repeat its playbook of the 1990s. In fact, Pakistan urgently needs the Pakistani Taliban to redeploy into Afghanistan if it wants to restore some modicum of security in its own territory. A vacuum of authority in Afghanistan is precisely the kind of incentive that may lure at least some elements of the Pakistani Taliban back to Afghanistan to help the Afghan Taliban restore some semblance of their former power. (While the Afghan and Pakistani Taliban organizations have some overlapping membership and shared ideological moorings, the two networks are distinct. The former focuses on regaining some degree of sovereignty in Afghanistan, while the latter is dedicated to establishing sharia law in Pakistan.) If this happens, the international community's fears will be realized. Afghanistan once more will become a staging theater for international Islamist terrorism.

But fears of Afghanistan reverting to the days of Taliban rule should not motivate the

international community to continue writing checks without demanding accountability from the Afghan government or the donors. Indeed, this has been part of the problem all along. While continuing to provide fiscal support to Kabul, the international community needs to work on cleaning up corruption both in the Afghan government and in its own business practices. This will not be easy. Too many contractors have made handsome profits off the existing system. Changing this system will be difficult. But it is not impossible, especially if crooked contractors are prosecuted by their home countries for criminal conduct.

Ghani and Abdullah should also take the story of Najibullah and his unpleasant demise seriously. They must build a functional government that will reassure donors for the medium term. With some funding in hand, these uneasy co-rulers need to work out a sustainable fiscal future. After all, in the near term, they have the most to lose. ■