

Afghanistan

2015 Country Summary

Recommendations

Afghanistan's GI ranking in Band E places it in one of the highest risk categories for corruption in the defence and security sector. The highest risk area is Finance, which fell in Band F (critical risk of corruption). Ineffective audit and prosecutorial authorities, a lack of civilian oversight over the defence and security sectors, and a challenging environment for civil society enable organised crime and the abuse of power by military and security personnel. At the same time, the current government has significantly stepped up oversight over procurement contracts and the development of anti-corruption training for select personnel. But serious risks remain; to reduce corruption risk and state fragility, reforms are urgently needed across the following areas:

Strengthen civilian control over the defence and security sector:

The Afghan government, together with international actors, is working to increase its cadre of external auditors, which has shown a nascent capability for auditing MOD funds, though implementation of audit findings has been weak to non-existent. However, a major issue facing auditors is that the majority of defence spending is still off-budget (i.e. external to central government allocation), and provided by the international community. Overall, the transparency and accountability of this off-budget international community funding, to the Afghan people, is less transparent than on-budget spending and because a large portion of aid is channelled through an off-budget system, the Afghan government, including auditors, the legislature and people have no control or oversight over these funds. At the same time, the Afghan government's failure to provide parliament with detailed accounts of their defence on budget expenditure does not build confidence in donors that more on-budget spending will be wisely managed.

- The MOD needs to demonstrate urgently that on-budget defence spending will be transparent and accountable to both national and international taxpayers. A detailed defence budget and acquisition plans should be available to the National Assembly, with as much information as possible made public.
- The MOD should provide a public account of how they have addressed the findings of audits conducted by the Supreme Audit Organisation and make a clear commitment to acting upon all future audit findings. Defence and Finance Committees should be sufficiently resourced to review external audit results and a mechanism to allow dialogue between audited entities and the SAO should be created. This might include in the short term increased support from international experts, training, or exchanges with equivalent institutions in other countries.
- The Audit Law should be strengthened to ensure clear penalties for non-compliance.

With large spending by the executive on security and weak independent oversight capability, there is an urgent need for stronger more effective civil society oversight to ensure the defence sector is held to account.

- The Afghan government should support an enabling environment by removing ambiguous and problematic terms from the new Access to Information Law. The MoD should take a proactive stance towards information disclosure, including establishing an effective Public Information Office to provide timely responses, especially to journalists.
- The government should provide a clear political signal of support to civil society and their role in building a high integrity culture, including taking a strong stance against cases of intimidation, harassment and violence against journalists and CSOs.

Reduce military predation and build the integrity of the armed forces:

Commitments by the President to employ merit-based recruitment and the introduction of anti-corruption training are important first steps in addressing integrity challenges.

However, a culture of impunity and a lack of merit-based appointments and promotions continue to weaken the ability of the ANDSF to respond effectively to insecurity.

- The MoD should strengthen its internal audit capacity and investigative powers, including monitoring conduct violations, payroll and attendance (i.e. to tackle ghost soldiers), and field procurement.
- Asset registration, verification, and publication, as required by Afghan law and UNCAC commitments, should be prioritised, especially for defence and security officials.
- Stronger and more transparent responses to acts of corruption involving senior leadership and political figures are needed. The AGO should act and report on cases of defence corruption. A case tracking and public reporting system should be established. Assistance to the Major Crimes Task Force should be bolstered and its independence guaranteed.
- Whistleblowing should be protected and encouraged, in law and in practice.
- Progress on Train-the-Trainer courses at the National Defence University should be continued to ensure that integrity building and human rights are central to training and career progression.

The Role of the International Community

Addressing corruption in Afghanistan is essential to ensuring extremist groups do not increase their territorial reach or establish safe havens from which they can plan acts of global terrorism. In the last decade, the Taliban and now Daesh have repeatedly drawn attention to the Afghan government's inability to control corruption and exploit this narrative in their recruitment. The country has some active political participation from among the youth, which needs to be effectively channeled.

At the same time, the President's levels of public support are dropping significantly. Corruption, which reduces the legitimacy and effectiveness of the ANDSF, will be a major factor determining to what extent the ANDSF will be able to prevent the country from sliding back into full-scale conflict. To address desertion and defection of ANDSF to the Taliban, the government will need to show it is professionalising the ANDSF, tackling corruption, including at the political leadership level.

To reduce corruption risk and state fragility, we recommend that the international community address the following areas:

Incentivise Reform

There continues to be a lack of scrutiny over a large proportion of security spending by donor states. The US's Special Inspectorate General for Afghanistan Reconstruction which provides oversight for US funding to Afghanistan has had a strong impact, but is by definition limited in scope. The effectiveness of SIGAR also raises questions about how this function will be sustained in the long term. **Any efforts to build the capability of Afghan security sector must be matched by strong efforts to build integrity and oversight capacity**, with the aim of channelling as much as possible of expenditure through formal on budget processes.

In parallel to supporting capacity building efforts run by entities such as CTSC-A and RSM, donors could **consider making greater use of conditionality of security and defence assistance** to incentivise anti-corruption reforms within the relevant Ministries (notably the MoD and MoI but also the MoJ and AGO). This could include the following:

- Explicitly tying specific programmes of assistance to the achievement of clear published benchmarks for defence reform and pushing the Afghan government harder on SMAF commitments and timelines - such as on the publication of assets senior officials within the MoD and MoI, or a published acquisition plan.
- The drafting and publication of an agreed MOD anti-corruption action plan by the first half of 2016.
- The involvement of the MEC, civil society and other oversight bodies to develop, report and review these benchmarks, accurately and objectively.

Provide political support and funding to oversight bodies like SIGAR and the MEC, as well as civil society, and government bodies that have performed well (such as the SAO) to build local capacity to monitor the defence sector. SIGAR to date has saved the US government over \$2 billion through its audits and has assisted the Afghan government in uncovering incidents of large-scale corruption. The MEC reports regularly to the President, Parliament, and people of Afghanistan on corruption reforms. These successes need to be embedded into domestic structures over time.

Ensure Accurate Reporting of Progress. Security assistance and training forces should focus on assisting the Afghan government to develop more realistic feedback systems and monitoring to ensure central government understands the capability of the ANSF on the ground - this is vital for preventing or anticipate operational failures such as in Kunduz.

Encourage the Development of Accountable Systems

The penetration of organised crime, a culture of impunity, and a lack of merit-based appointments and promotions are weakening responses to insecurity. There is an urgent need for the Afghan government and international actors to provide an environment that enables civil society oversight, so they can hold the defence sector to account.

The international community should ensure every effort is directed at understanding the political environment into which security assistance is delivered. Due diligence should be conducted to ensure support is not directed towards malign actors who may thwart reform efforts.

Such an approach should complement ongoing work funded by development agencies and prioritise and reinforce existing law enforcement efforts. Continuing political and financial support for organisations such as the UK's National Crime Agency and Serious Fraud Office, and the US Department of Justice and Federal Bureau of Investigation are necessary for creating political costs for those operating large scale corrupt networks - including the investigation, prosecution and sanction (e.g. through visa bans, freezing of assets, etc.) of corrupt officials who hold assets in financial centres such as London, New York and Dubai.

Continue support to integrity building training within defence and security institutions. Ensure sustainability in this approach and find a way to fill the gap that will be left by EUPOL's training mission whose mandate will expire at the end of 2016.

Scorecard

Political	Defence & Security Policy	Legislative Scrutiny	1
		Defence Committee	1
		Defence Policy Debated	1
		CSO Engagement	2
		International AC Instruments	2
		Public Debate	1
		AC Policy	2
		AC Institutions	2
		Public Trust	2
		Risk Assessments	2
	Defence budgets	Acquisition Planning	1
		Budget Transparency & Detail	1
		Budget Scrutiny	2
		Budget Publicly Available	1
		Defence Income	1
		Internal Audit	1
		External Audit	2
	Other Political Areas	Natural Resources	2
		Organised Crime Links	1
Organised Crime Policing		1	
Intelligence Services Oversight		1	
Intelligence Services Recruitment		1	
Export Controls		0	
Finance	Asset Disposals	Asset Disposal Controls	1
		Asset Disposal Scrutiny	0
	Secret Budgets	Percentage Secret Spending	0
		Legislative Access to Information	1
		Secret Program Auditing	1
		Off-budget Spending in Law	0
		Off-budget Spending in Practice	0
		Information Classification	1
	Links to Business	Mil. Owned Businesses Exist	1
		Mil. Owned Business Scrutiny	0
Unauthorised Private Enterprise		0	
Personnel	Leadership	Public Commitment	2
		Measures for Corrupt Personnel	2
		Whistleblowing	1
		Special Attention to Sensitive Personnel	1
	Payroll and Recruitment	Numbers of Personnel Known	0
		Pay Rates Openly Published	3
		Well-established Payment System	1
		Objective Appointments	2
		Objective Promotions	1
	Conscription	Bribery to Avoid Compulsory Conscription	
		Bribery for Preferred Postings	
Salary Chain	Ghost Soldiers	1	

		Chains of Command and Payment	2
	Values, Standards, Other	Code of Conduct Coverage	2
		Code of Conduct Breaches Addressed	1
		AC Training	2
		Prosecution Outcomes Transparent	0
		Facilitation Payments	0
Operations	Controls in the Field	Military Doctrine	1
		Operational Training	2
		AC Monitoring	0
		Controls on Contracting	1
		Private Military Contractors	2
Procurement	Government Policy	Legislation	1
		Transparent Procurement Cycle	1
		Oversight Mechanisms	2
		Purchases Disclosed	2
		Standards Expected of Companies	2
	Capability Gap	Strategy Drives Requirements	1
		Requirements Quantified	1
	Tendering	Open Competition v. Single-Sourcing	1
		Tender Board Controls	1
		Anti-Collusion Controls	1
	Contract Delivery / Support	Procurement Staff Training	1
		Complaint Mechanisms for Firms	2
		Sanctions for Corruption	2
	Offsets	Due Diligence	
		Transparency	
		Competition Regulation	
	Other	Controls of Agents	1
		Transparency of Financing Packages	0
		Subsidiaries / Sub-Contractors	0
Political Influence		2	