

ACTION SA-00

INFO	LOG-00	NP-00	AF-00	AID-00	AMAD-00	ACQ-00	INL-00
	DEAE-00	DOEE-00	DOTE-00	PERC-00	DS-00	EAP-00	EB-00
	EUR-00	OIGO-00	FAAE-00	FBIE-00	H-00	TEDE-00	INR-00
	IO-00	LAB-01	L-00	CAC-00	AC-00	NEA-00	NSAE-00
	OIC-00	OMB-00	NIMA-00	CAEX-00	GIWI-00	PRS-00	ACE-00
	P-00	SCT-00	FMPC-00	SP-00	IRM-00	SSO-00	SS-00
	STR-00	R-00	EPAE-00	SCRS-00	DSCC-00	PRM-00	DRL-00
	G-00	SAS-00	SWCI-00	/001W			

-----39BED8 151659Z /38

O 151537Z SEP 05
 FM AMEMBASSY KABUL
 TO SECSTATE WASHDC IMMEDIATE 5506
 INFO IRAN COLLECTIVE
 NATO EU COLLECTIVE 2811
 AMEMBASSY DUSHANBE
 AMEMBASSY MANILA
 NSC WASH DC
 DIA WASHDC
 CIA WASHDC
 JOINT STAFF WASHDC//J5/UNMA//
 JOINT STAFF WASHINGTON DC//J3//
 CJCS WASHINGTON DC
 SECDEF WASHDC
 USMISSION GENEVA
 USCENTCOM INTEL CEN MACDILL AFB FL
 HQ USCENTCOM MACDILL AFB FL
 CDR USCENTCOM MACDILL AFB FL
 JICCENT MACDILL AFB FL
 COMSOCCENT MACDILL AFB FL

~~CONFIDENTIAL~~ KABUL 003681

DEPT FOR SA/FO AMBASSADOR QUINN, SA/P, S/CT, SA/A, EUR/RPM,
 NSC FOR AHARRIMAN, KAMEND
 CENTCOM FOR POLAD, CG CFC-A, CG CJTF-76

E.O. 12958: DECL: 09/15/2015
 TAGS: KDEM, PGOV, PINR, PINS, PREL, SNAR, AF
 SUBJECT: CONFRONTING AFGHANISTAN'S CORRUPTION CRISIS

Classified By: BY AMBASSADOR RONALD NEUMANN FOR REASONS
 1.4 (B) AND (D)

1. (C) Summary: Several factors have turned Afghan corruption in recent years from a customary practice into a major threat to the country's future. Many of our contacts fear that narcotics could be the factor that causes

APPEALS PANEL ACTION: RELEASED IN FULL

corruption to spin out of control. They also see international aid and necessary USG/Coalition engagement with some unsavory figures as perpetuating the problem. In the wake of the September 18 parliamentary elections, it is time for the new Afghan Government to finally take ownership of some solutions. In the short term, President Karzai must take the moral high ground by removing corrupt officials -- including his brother Ahmad Wali. Over the long term, such cadre changes need to be part of a broad Afghan Government strategy that includes persuasion (such as better civil service pay) and coercion (such as prosecutions).

2. (S) The U.S. Mission is already taking steps to fight corruption in Afghanistan. We envision doing a lot more on this front in the coming year. The stakes are high, since fighting corruption is fundamental to the success of U.S. policy in Afghanistan. End Summary

A Long Tradition Grows Like Topsy

3. (S) Corruption is neither new nor unique to Afghanistan. Garden-variety corruption -- the use of public office for private gain and the greasing of palms to secure delivery of government services -- has been a hallmark of daily life here for many centuries. The highly informal and relationship-based nature of Afghan society, including a strong element of nepotism, has reinforced this. Indeed, a number of our older Afghan contacts recall how small fees would help lubricate the wheels of local bureaucracy during the reign of Zahir Shah.

4. (S) However, there is general consensus that Afghan corruption has swelled to unprecedented levels since Zahir Shah's overthrow in 1973 -- and especially after the Taliban regime's rollback in 2001. Our contacts in Kabul and the provinces offer numerous examples of corruption at all levels, of both a bureaucratic and political nature. Some examples are striking, such as claims that Afghan Government ministers get monthly kickbacks from provincial and district-level appointees. Other examples are petty but also telling, such as a claim by one of our local employees that the Kabul Zoo's director sells two sets of tickets to visitors -- one set of official tickets whose proceeds go to the GOA, and another set whose proceeds go to him. Among other things, the broad and decentralized nature of Afghan corruption is a major disincentive for anyone who may want to do business here. Our contacts have little optimism that this tide will recede anytime soon.

A Perfect Storm for Corruption

5. (C) Afghan and international contacts point to several factors that, in their view, have turned Afghan corruption into a crisis since 2001:

-- Privation. Afghan civil servants receive low wages in the range of 40-50 USD per month that do not cover basic needs. Such a state of affairs is a recipe for corruption. The growing cost of living since 2001 has intensified the impulse to engage in corruption. At the same time, budget deficits cause the IMF to argue strongly against raising pay.

-- Insecurity. Thirty-plus years of conflict and turmoil have sapped Afghans' certainty about the future. Such uncertainty has engendered a strong "get mine and get it now" mentality among Afghans from all walks of life. "Warlords" and powerful factional leaders who can deliver security are able to exert a price from their "clients" in terms of payments.

-- More foreign "loot." The international community has pumped unprecedented sums of money into Afghanistan since 2001. The prospect of getting one's hands on so much foreign money has intensified Afghans' incentive to steal as much of it as possible, as quickly as possible.

-- Exposure to the outside world. Many contacts point to heightened material expectations among Afghans, especially returnees who have lived abroad, as an additional motivation for corruption. Some contacts also have singled out Afghans' exposure over the past quarter century to Pakistan and its notorious culture of corruption as a factor.

-- Universality. Some contacts have noted that the sheer scale of Afghan corruption is a reinforcing factor. They emphasize that there is not much chance for an individual to lose face for committing a corrupt act when so many others do it.

6. (C) Many of our contacts correctly fear that the burgeoning narcotics sector could spin Afghan corruption out of anyone's control. They fear that the sheer mass of illegal money from growing, processing, and trafficking opium could strangle the legitimate Afghan state in its cradle. Reductions in opium cultivation may offer some cause for optimism on the counter-narcotics front, but should not offer

Foreigners Seen as Enablers

7. (C) Contacts of various stripes see international aid and the necessity of working at times with some unsavory political figures (because there are so few completely "clean" ones) as being part of the problem when it comes to Afghan corruption. In particular, they imagine that the USG and Coalition could use their considerable influence more forcefully to deal with corrupt Afghan officials and their wrongdoing. For example, some local contacts have criticized the Coalition for giving key contracts at Kandahar Air Field (KAF) to local commanders who are implicated in corruption and other misdeeds.

8. (C) The USG and broader international community's association in many Afghans' minds with what they see as corruption (but which in reality has more to do with income disparities) already has caused political damage. The most visible fall-out has been the popularity of Afghan politicians' attacks against international non-governmental organizations (NGOs) for alleged corruption. In recent weeks, some politicians have broadened their corruption-themed attacks to include donor governments and UN agencies. Such foreigner bashing could easily become an early rallying point for the new Afghan parliament.

The Solution Must Start With Karzai

9. (C) As the Bonn Process comes to an end following the September 18 parliamentary elections, the pressure will be on for the young Afghan Government to finally begin to take ownership of some solutions to the problem of corruption. Our contacts increasingly see President Karzai as being a key driver in any solution to Afghanistan's corruption crisis. They cite Karzai's penchant for tolerating or shuffling corrupt officials at various levels, rather than removing or prosecuting them. Some of their most pointed criticism centers on the apparent immunity of his Kandahar-based younger brother Ahmad Wali Karzai, whom many have accused of involvement in narcotics trafficking and other wrongdoing. Our political officer at the Chagcharan PRT encountered the consequences of this image when he recently spoke with a local high school graduate about the evils of narcotics

10. (Ø) In the short term, President Karzai must take meaningful and concrete steps soon to set the right tone about fighting corruption. In particular, Karzai needs to remove and possibly prosecute some of his government's most notoriously corrupt officials. Those falling into this category include HQ and Province Governor Sher Muhammad, Oruzgan Province Governor Jan Muhammad, Nangarhar Province Governor Gul Agha Shirzai, and Ahmad Wali Karzai. The removal of such marquee names would set the stage for more systematic anti-corruption efforts. For his part, Karzai has promised to "clean house" after the September 18 elections. We will have to hold him to this. However, we believe that the process should remain general. Karzai has to weigh a variety of political factors and tensions. He must act, but we need to recognize his need for some room in political judgment.

Wanted: A Broad-Based Afghan Strategy

11. (Ø) The Afghan Government, with international support, needs to institute a long-term plan for fighting corruption. Ideally, such a plan could build upon an initial push from President Karzai to clean up leadership cadres. It also should build upon existing initiatives, such as the work of the Office of the President's anti-corruption unit. Such a plan should include a variety of incentives, most notably improving civil service pay. This will have to overcome IMF resistance and deal with the very real problem of how Afghanistan will meet its future wage bill. It should also include coercive measures, such as improving the Afghan Government's ability to investigate, fire, prosecute, and imprison corrupt officials. Some measures will need to focus on tackling bureaucratic corruption through the streamlining of rules and regulations that wrongdoers can manipulate. Other measures will need to focus on tackling political corruption by high-level officials.

12. (Ø) At the same time, it is important to note that Afghan anti-corruption efforts will not succeed without progress on related fronts. The establishment of a functioning Afghan justice sector is essential, since it would provide a stronger framework for combating illegal behavior. Moreover, much needs to be done to improve Afghan Government revenue collection, which would provide a sustainable base for paying civil servants a living wage.

What We Are Doing

13. (C) The U.S. Mission already is taking a number of measures to help fight Afghan corruption. Some examples include the following:

-- The Mission, along with other international players, has lobbied President Karzai to remove a number of key officials implicated in corruption and other wrongdoing. The

Ambassador has pressed hard on this front.

-- USAID conducted a comprehensive Afghan corruption assessment in 2004. USAID is using this assessment's recommendations to help plan its future anti-corruption programming.

-- USAID has been working with other donors to support Afghan customs reform. This process has streamlined the valuation of imports, thus reducing the chances for customs corruption.

-- The Mission is helping the Afghan Government to establish a Vertical Prosecution Task Force (VPTF) and Central Narcotics Court. Among other things, these structures will focus on investigating and prosecuting drug-related corruption cases.

What More We Should Do

14. (C) At the same time, we realize that the USG must do more on various fronts to help Afghanistan tackle corruption. We are considering the following:

-- Join forces with other key international players to redouble pressure on President Karzai on the corruption issue. In particular, such a push would aim to compel Karzai to remove and possibly prosecute some of the most odious corrupt officials. The British Ambassador agreed that she and Ambassador Neumann will push this jointly after the elections.

-- Make stronger linkage of continued assistance to Afghanistan with GOA progress in fighting corruption. Such linkage would have more weight if it is multilateral, which means that it should be part of discussions on the post-Bonn

-- Join forces (through USAID) with the British Department for International Development (DFID) and UNDP to reform the President's Office of Administration, which has shown signs of political will under senior Palace staffer Farooq Wardak. Such a joint initiative would be part of a broader effort to build a better system of checks, balances, and oversight within the Afghan Government.

-- Build up the capacity of Afghan civil society to seek good governance and be a part of it. For example, USAID is considering expansion of its civil society support programming to include advocacy for anti-corruption reforms. NGOs could help publicize corrupt activities, and investigative journalism also could play a role.

-- Pay greater attention to U.S. Mission and Coalition actions, especially in dealing with corrupt Afghan officials. For example, we need to encourage greater transparency and accountability on the part of those Afghans who receive contracts from us.

15. (U) Dushanbe minimize considered.
NEUMANN

NNNN