Assessment of Corruption in Afghanistan

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of
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in
Afghanistan

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List of Acronyms

ABACO	Anti-Bribery and Anti-Corruption Office (Ministry of Interior)
AC	Anti-Corruption
ACT	Afghan Accountability and Transparency Project
ACU	Anti-Corruption Unit
ADAG	Alternative Development and Agriculture Office
ADB	Asian Development Bank
AFMIS	Afghanistan Financial Management Information System
AGMC	Afghanistan Government Media Center
AGO	Attorney General's Office
AIHRC	Afghanistan Independent Human Rights Commission
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
ANA	Afghan National Army
ANDS	Afghanistan National Development Strategy
ANP	Afghan National Police
AREU	Afghanistan Research and Evaluation Unit
ARoLP	Afghanistan Rule of Law Program
ARTF	Afghan Reconstruction Trust Fund
ASGP	Afghanistan Sub-National Governance Project (UNDP)
ASOP	Afghanistan Social Outreach Program
ATRA	Afghanistan Telecom Regulatory Authority
BESST	Basic Education Support Systems for Teachers
BIMA	Building Independent Media in Afghanistan
CAO	Control and Audit Office
CDP	Capacity Development Program
CERP	Commander's Emergency Response Program
CID	Criminal Investigation Department
CIDA	Canadian International Development Agency
CIG	Complaints and Information Gathering
CJTF	Criminal Justice Narcotics Task Force
CMS	Corruption Monitoring System
CPAU	Cooperation for Peace and Unity
CSO	Civil Society Organization
CSTC-A	Combined Security Transition Command – Afghanistan
DFID	Department of Foreign International Development
DOD	Department of Defense
DOJ	Department of Justice
DOS	Department of State
EGPSS	Economic Governance and Private Sector Support
FAR	Federal Acquisition Regulation
FBI	Federal Bureau of Investigation
GIAAC	General Independent Administration for Anti-Corruption
GIRoA	Government of the Islamic Republic of Afghanistan
HCC	Host Country Certification
HOO	High Office for Oversight of the Implementation of the Anti-Corruption Strategy
HRM	Human Resource Management
IARCSC	Independent Administrative Reform and Civil Service Commission
IC	International Community
IDLG	Independent Department for Local Government

IEC	Independent Electoral Commission
IMF	International Monetary Fund
INL	Bureau of International Narcotics and Law Enforcement Affairs
I-PACS	Initiative to Promote Afghan Civil Society
ISAF	International Security Assistance Force
IT	Information Technology
IWA	Integrity Watch Afghanistan
JJAARAC	Commission on Judicial Affairs, Administrative Reform and Anti-Corruption
JSSP	Justice Sector Support Program
LGCD	Local Governance and Community Development
LTERA	Land Titling and Economic Restructuring Activity
M&E	Monitoring And Evaluation
MIS	Management Information Systems
MoCI	Ministry of Commerce and Industry
MoE	Ministry of Economy
MoED	Ministry of Education
MoF	Ministry of Finance
MoHE	Ministry of Higher Education
MoI	Ministry of Interior
MoJ	Ministry of Justice
MOU	Memoranda of Understanding
MPH	Ministry of Public Health
NACS	National Anti-Corruption Strategy
NDS	National Department of Security
NGO	Non-governmental Organization
ODG	Office of Democracy and Governance
OEG	Office of Economic Growth
OIEE	Office of Infrastructure Engineering and Energy
OoP	Office of the President
OPS	Office of the Presidential Spokesperson
OSSD	Office of Social Sector Development
P&G	Pay and Grade Reform
PAR	Public Administration Reform
PRR	Priority Reform and Restructuring
PRT	Provincial Reconstruction Team
RNISS	Reconstruction National Integrity System Survey
RTA	Radio and Television Afghanistan
SCoG	Support for the Center of Government
SIGAR	Special Inspector General for Afghanistan Reconstruction
SNG	sub-National Government
TAF	The Asia Foundation
UNAMA	United Nations Assistance Mission in Afghanistan
UNCAC	United Nations Convention against Corruption
UNDP	United Nations Development Program
UNODC	United Nations Office against Drugs and Corruption
USAID	United States Agency for International Development
USG	United States Government
VCA	Vulnerability to Corruption Assessment
WADAN	Welfare Association for the Development of Afghanistan
WB	World Bank

I. EXECUTIVE SUMMARY: KEY FINDINGS AND RECOMMENDATIONS

USAID/Afghanistan commissioned an assessment to provide a strategy, program options, and recommendations on needs and opportunities to strengthen the capacity and political will of the Government of Afghanistan to fulfill its National Anti-Corruption Strategy. This report thus assesses the issue of corruption in the country, the legal and institutional frameworks for combating corruption, as well as USAID, USG and other donor activities against corruption, including monitoring mechanisms. The report concludes with recommendations on objectives for USAID anti-corruption assistance, a strategy to guide this set of actions, and focused agenda for assistance to the government and civil society to help counter corruption in Afghanistan.

Corruption in Afghanistan

Corruption, defined as "the abuse of public position for private gain" is a significant and growing problem across Afghanistan that undermines security, development, and state- and democracy-building objectives. Pervasive, entrenched, and systemic corruption is now at an unprecedented scope in the country's history. Thirty years of conflict that has weakened underdeveloped state institutions and the country's social fabric, Afghanistan's dominant role in worldwide opium and heroin production, and the tremendous size and diversity of international security, humanitarian and development assistance all increase Afghanistan's vulnerability to corruption.

The Institutional Architecture For Combating Corruption

Afghanistan has or is developing most of the institutions needed to combat corruption. But these institutions, like the rest of the government, are limited by a lack of capacity, rivalries and poor integration. The apparent unwillingness to pursue and prosecute high-level corruption is particularly problematic. A new High Office for Oversight, a dedicated AC agency, is central in addressing these lacunae, through a set of oversight, reporting, and assistance responsibilities across the government. Because HOO is still a new institution, it needs to build up gradually beginning with oversight assuming other responsibilities. Important prevention, education, and prosecution roles are spread across government and in civil society, with some assistance from the international community – but all need a further boost in activity and assistance to increase their effectiveness.

Existing Anti-Corruption Laws, Regulations, and Policies

Current anti-corruption laws, regulations, and policies are also being modified as part of this institutional development. There are still important steps to be taken to coordinate and streamline legal provisions and practices against corruption, several which are spelled out in the United Nations Convention Against Corruption (UNCAC), processes which again are to have oversight and guidance provided by the new High Office.

USAID and other USG Anti-Corruption Efforts

Substantial USAID assistance is already designed to strengthen transparency, accountability and effectiveness – prime routes to combat corruption - in the most critical functions of national and sub-national government. The Capacity Development Program, Office of the President/Support for the Center of Government, and Afghanistan Rule of Law Program take a good governance approach to countering corruption. Assistance to develop the private sector, support public health, develop uncorrupt components in

education, as well as in the delivery of public services like roads, water, and power help combat corruption. The work in alternative development and agriculture helps create incentives to not grow poppy. These should be coordinated with enforcement efforts supported by the State Department Bureau of International Narcotics and Law Enforcement, Department of Justice, and U.S. military. All have programs critical to criminal law and prosecution through work with the police, Attorney General's Office, and courts. In addition, the World Bank and United Nations Development Program have important programs against corruption, with the support of bilateral donors that have been particularly supportive of several corruption monitoring mechanisms.

Strategic Objective of Future Assistance

USAID technical assistance and support for Government anti-corruption activities should focus on three strategic objectives:

- *Building governance capacities in transparency and accountability*
- *Reducing corruption where it directly impacts the people of Afghanistan*
- *Changing the culture of corruption that subverts governance at all levels*

A "foundational" package of assistance is required across government, one which provides and prioritizes activities through an anti-corruption lens, to develop governance through decent salaries, stronger civil service skill sets, strengthened structures of government, solid systems for governing, as well as civil society and media advocacy and oversight. While working on the long-term challenge of changing the culture of corruption, making initial successes against corruption are required, both prevention and education efforts that make a notable difference in everyday life and some prosecutions of high-level offenders should be supported.

Strategy Overview

The Recommendations section outlines a significant and sustained program of USAID assistance to support the development of effective prevention, awareness and enforcement initiatives in government through targeted programs, strengthened conditionality, leadership development, civil society and media advocacy and oversight, as well as suggestions for an operational approach to manage this anti-corruption strategy.

A Focused Agenda for USAID Anti-Corruption Assistance

The suggested strategy to combat corruption has six components, developed in the Recommendations section.

Standing-up the High Office of Oversight

The new dedicated anti-corruption agency faces critical challenges in developing the capacity to implement the government's anti-corruption strategy. USAID is supporting this institutional development with technical assistance and support through Support for Center of Government and the Asia Foundation to provide critical staff at the office director level, training for staff, assistance in areas critical to preventing corruption within the HOO, and support for High Office work with other ministries and departments, as well as their outreach to civil society. Additional assistance should be considered in staff support, staff development, technical assistance, development of anti-corruption strategies for GIRoA ministries and agencies, civic education, and monitoring and evaluation.

Prevention Agenda

The current USAID transparency and accountability technical assistance delivered both through general capacity development of the government and a focus on sector specific priorities should continue, expand, link, refocus and develop new initiatives in financial management, human resources, program/project management, monitoring and evaluation, public outreach and information, areas of sector specific assistance, and sub-national governance.

Education Agenda

Ongoing USAID/ODG assistance to develop civil society and the media should be targeted to educate and engage the Afghan public and civil servants in combating corruption via social auditing, investigative reporting and other efforts to hold government accountable. Support for HOO's civic education campaign should be continued. Increasing the capacity of the Office of the President's Media Center such to focus on anti-corruption issues can help to demonstrate that the government is being responsive to corruption concerns. Finally, with elections on the immediate, mid-term, and long-term agenda, USAID should explore work on anti-corruption with the Independent Electoral Commission.

Enforcement Agenda

In the critical area of enforcement, USAID assistance will be vital to help the High Office on manage and follow-up on citizen corruption complaints, civil servant asset declarations, and tracking for anti-corruption court cases. The push for criminal prosecution and conviction of anti-corruption cases needs both stronger USG advocacy and assistance to the Attorney General's Office and courts. Continued USAID assistance to the courts – both in general and on civil matters – complement this criminal push.

USAID "Do No Harm" Precepts

The Mission should evaluate whether its actions contribute to corruption in the country, including issues of job market distortions for Afghan staff from USG salaries. As part of USAID leadership in anti-corruption, the Mission should review programs to potentially augment their anti-corruption effects - as well as extend itself to explain to the government and population via the media how programs are managed and regulated to avoid corruption. The Mission should also increasingly use strengthened Afghan institutions as mechanisms for its assistance.

USAID/USG Management and Government/Donor Coordination

Anti-corruption programming can be made more robust both through pilot efforts to combine the approaches above in a province, such as Wardak, as well as by integrating USAID and USG approaches across the portfolio by a full-time manager for a whole-of-government approach in this critical area. Reaching agreements about monitoring resources directed through Afghan mechanisms presents an opportunity to establish firm expectations about progress on transparency, accountability and integrity (anti-corruption) objectives.

II. INTRODUCTION AND BACKGROUND

USAID/Afghanistan commissioned this assessment of corruption to provide the Mission with a strategy to strengthen the capacity and political will to fulfill its National Anti-Corruption (AC) strategy. This report assesses the legal and institutional frameworks for anti-corruption, takes stock of current USAID and other donor programs on corruption, and recommends a strategy for USAID to help address key corruption issues. Consistent with the USAID Anti-Corruption Strategy, the assessment report synthesizes lessons from Afghan's experiences with corruption and past anti-corruption work into a strategy specific to the Afghan context with program and coordination recommendations for the Mission.

Definition of the Problem

Corruption, defined as "the abuse of public position for private gain" is a significant and growing problem across Afghanistan that undermines security, state and democracy building, and development. The discussion following provides a brief assessment of the dimensions, causes and impact of corruption in Afghanistan, Afghans perceptions of the problem, and current levels of political commitment and capacity to address the issue.

The Dimensions, Causes and Impact of Corruption in Afghanistan

The domestic and international consensus is that corruption has become pervasive, entrenched, systemic and by all accounts now unprecedented in scale and reach. This view is apparent in the country's declining (worsening) ranking in the Transparency International Corruption Perception Index. Afghanistan fell from a ranking of 117th out of 159 countries covered in 2005, to172nd of 180 countries in 2007, and finally to 176th out of 180 countries in 2008 - the fifth most corrupt country in the world.

Seven years after the fall of the Taliban government, corruption has become more than the standard issue bribery, nepotism, and extortion in government. Corruption has become a system, through networks of corrupt practices and people that reach across the whole of government to subvert governance. Particularly perniciously, these networks ensure that the guilty are not brought to justice; often the officials and agencies that are supposed to be part of the solution to corruption are instead a critical part of the corruption syndrome. Over and over, interview and survey respondents noted the failure of the Afghan National Police (ANP), Attorney General's Office (AGO), and court system to detect, prosecute, judge, and punish corruption at any level.

The pervasive nature of corruption and its impact on Afghan households are apparent from surveys. The Integrity Watch Afghanistan (IWA) 2006 survey of 13 provinces reported that two-thirds of families had paid bribes within the last six months. Although only 44 percent of respondents felt corruption had "some" to "extremely high" impacts on their families, the average cost of bribes reached up to $100 for all families that paid them, which more than half of respondents noted was a "serious burden" on their

families.[1]   One third of families paid more than that in bribes, which is even more detrimental. IWA, Asia Foundation, and ABC/BBC/IRD survey research shows that the sectors of government people come into contact most often with for work or travel determines the organizations that they believe is most prone to soliciting or accepting bribes. Afghans also overwhelmingly believe that nepotism and/or bribes are required to gain government employment.

The "Azimi report", the high-level product of the Inter-Institutional Commission on Corruption chaired by the Supreme Court Justice which serves as the National Anti-Corruption Strategy as the cross-cutting issues paper for Afghanistan's National Development Strategy (ANDS), explains the causes of corruption:

> The "normal" sources and forms of corruption are related to weak institutional capacity of public administration; weak legislative and regulatory framework as well as weak enforcement of the laws and regulations; poor and/or non-merit based qualifications of public officials; low salaries of public servants; dysfunctional justice sector and insufficient law enforcement; the discretionary power of public administration; and the lack of complaint mechanisms and systems for public scrutiny and illegal profits through opium trade and cross border smuggling. The Afghan specific sources of corruption relates to the very large opium economy which is widely considered to be the most important source of corruption in the country, the large informal economy, as well as the unprecedented large inflows of international assistance and the pressures to commit development aid quickly, carry associated vulnerabilities to corruption.[2]

Corruption has pernicious effects on business in Afghanistan. Government regulations serve as a deterrent to moving business activity from the informal sector, where most of the economy remains. Informality restricts the growth of firms and the economy as a whole. One reason not to grow is to maintain low levels of visibility from fear of government predation. Much of the economy is based on imports, which gives government opportunities for corruption in transportation and customs. Variation in the levels of corruption for businesses in these two areas is difficult to forecast and manage, which discourages growth. State-owned enterprises and mentalities remain, and choke private sector activities. USAID support for business development and transparent and accountable processes for customs clearance and business registration have helped, as has work with the MoCI and the Ministry of Economy (MOE) to encourage more transparent and accountable procedures that limit corruption opportunities.

Corruption not only deters private investment, but also distorts government-directed investment. People interviewed noted that the GIRoA directs projects and investment to

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[1] Yama Torabi, and Lorenzo Delesgues. January 2007. Afghan Perceptions of Corruption: A Survey Across Thirteen Provinces. Kabul: IWA. p. 44. http://www.iwaweb.org/AfghanPerceptionofCorruption.pdf

[2] Government of the Islamic Republic of Afghanistan. June 2008. Anti-Corruption Sector Strategy. Afghanistan National Development Strategy 1387–1391 (2008–2013). p. 9. Kabul: Islamic Republic of Afghanistan.
http://www.ands.gov.af/ands/final_ands/src/final/sector_strategies/Anti%20Corruption%20Strategy%20-%20English.pdf

connected land owners and business. Practices may result in investments that do not meet defined public purposes and are conducted without transparent processes. USAID, and the rest of the IC, can continue to press the government to choose priorities as well as to focus on them through transparent and accountable processes. In addition, USAID should continue to support the public outreach by the government and its ministries to explain what they do.

Corruption significantly weakens the education system which is so fundamentally important to democracy and state building. Issues regarding ''ghost'' employees, work disincentives (inadequate salaries driving teachers to focus more on private tutoring), bribes for grades, teacher competency/performance evaluation, and payment of salaries are beginning to be addressed by the Ministry of Education (MoED). Corrupt practices worsen at higher levels in the public system, where university degrees can be bought, often after students first buy their way in and through their courses. USAID technical assistance to the Minister of Higher Education (MoHE) has resulted in the implementation of a new university entrance examination system, and the introduction of legislation on the oversight responsibilities of MoHE of nascent private universities in Afghanistan.

While Afghanistan is a large country, usable land is scarce. For rural populations, wealth is land – especially irrigated farmland. And in cities too, housing and land are seen as the path to wealth. Thirty years of conflict and displacement have left land registration systems in tatters, and land is susceptible to grabbing by connected businesses or local leaders. The informal *shura/jirga* system offers some resolution potential, but the domination of elite interests may make these practices slanted. The weak land registration system that is susceptible to land grabbing by force or through phony paperwork, which both hurts family security and inhibits economic growth. USAID work on documentation processes and registration systems have helped modernize these systems.

Corruption impacts the significant development potential in the country of natural resource extraction. Afghanistan has substantial undeveloped sub-soil resources of many types. Developing these resources, especially in ways that promote the creation and expansion of upstream and downstream linkages through inputs as well as processing, may provide for substantial economic growth, employment expansion, tax revenues, and business growth. To date the one major deal that has been concluded, with the People's Republic of China to develop the largest source of copper via the Aymak mine, is clouded by allegations of massive corruption. The GIRoA lacks transparent and accountable processes to guide decision making on these developments, which opens up the potential for corruption. In addition, the revenues from these deals must be tracked. DFID and the USG have advocated for these anti-corruption measures with little success to date.

An additional effect of corruption is reticence in the media and civil society to engage with government – either to work with officials and elected leaders or on the other hand to serve as watchdogs on their operations. In general, non-government organizations have been created to deliver services and support particular groups, such as women. In general, their interest in advocacy is low, let alone pushing on general issues of governance like corruption. NGOs and the media can be intimidated by powerful local interests. The "mafia" do threaten organizations, sometimes directly with violence, and other times indirectly by pressuring business to reduce support and advertising. The state channels of Radio and Television Afghanistan (RTA), as a part of the government, are seen as

unwilling to stand against corrupt practices in government. More robust, proactive work by civil society organizations and the media is necessary to shine the light on government practices and combat corruption. USAID civil society programs have helped develop, strengthen, and network civil society organizations across the country, as well as build independent media production and radio broadcasting to reach underserved populations in Afghanistan that can now do more on AC.

Corruption in the judicial, financial management and service delivery responsibilities of government significantly impact in a fundamental way, the very legitimacy of government.

Most Afghans have little confidence in the formal justice system. Some have claimed that the justice sector is the most corrupt in the country. Investigators, prosecutors and judges are too often part of the problem, not the solution. Many, especially those outside the cities, turn not to courts for justice and dispute resolution but rather to community structures. Although frayed by conflict and dislocation across the country, *shuras* and *jirgas* of respected local leaders are the typical system of resolution of issues in rural areas. These structures are outside the formal legal system of the government; and are more popular with citizens that the formal structures, according to all polling data. Their roles, while problematic since women and other less powerful constituencies may be discriminated against, are critical to justice and stability at local levels across the country. The challenging task of regulating these varied local traditions, and combating corruption in the formal system, has been difficult, but remains critical for building the legitimacy of the GIRoA.

As well, the government budget is considered to be rife with corruption, both in its operations, own programs, and procurement. GIRoA financial management has been a focus of considerable anti-corruption, IC initiatives, including USAID through CDP. The MOF has the lead in public financial management (PFM), with substantial World Bank (WB) aid to develop and implement a system to determine, guide, send, and track the flow of funds throughout government through the Afghanistan Management Information System (AFMIS). But reportedly this system is not as robust as is required to minimize corruption. Government procurement laws and regulations (and attendant amendments) have made substantial progress towards a building a system to specify and design appropriate requirements for projects, determination transparent processes for soliciting bids, evaluating competing proposals, and monitoring product or service delivery by contractors. Substantial assistance in program budgeting, expenditure management, internal auditing, and procurement systems and the skills to properly use them have substantially improved central government operations, but little of this effort has reached sub-national governance (SNG) levels.

The delivery of direct public services to Afghans almost always involves unnecessarily lengthy and complicated processes which become points of corruption by civil servants or intermediaries that serve as brokers between clients and government institutions. Such corruption taints the entire public service delivery system. Simple measures that could reduce these practices are not in evidence: there are no posted fees for government services or explanations of the processes entailed in government offices. Furthermore, people complain about the influence of "relationships" that predominate over any regulations. People with connections get ahead in lines and are able to pay smaller bribes for services. The new High Office for Oversight of the Implementation of the Anti-

Corruption Strategy (HOO) plans to work with ministries and departments to reduce bureaucratic steps and opportunities for corruption and increase public information about processes and costs.

Afghan Perceptions of Corruption

As an Islamic society, Afghans condemn bribe taking and giving on moral grounds as contrary to their faith. This general view is moderated however by a widespread understanding that survival strategies of low-level public officials require additional funds beyond their small salaries, and that poor, weak clients may have no alternative than to give a small bribe. Surveys show that both civil servants and the general public share these views – as well as sharp condemnation of grand corruption by higher-level officials, which was viewed as greedy and excessive. Acting against the law for their own benefit is seen as immoral corruption. Also condemned are bribes demanded in a coercive way by networks that link commanders, officials, and criminals, as well as being continually forced to pay bribes repeatedly to different officials in the same agency or ministry to get results.

Afghans have particular contempt for corruption related to the judicial system, the police, and the hiring and promotion of government employees.

The justice sector is widely perceived as the most corrupt one in the country. Many Afghans note that justice is a market commodity to be bought and sold, which is particularly troublesome in a society that values justice and honor. The formal justice system of the police, criminal investigators, prosecutors, and judges has numerous points of vulnerability to corruption that are taken advantage of by officials and citizens.

Police are widely criticized for extorting bribes. The system of case preparation and tracking is primitive - making it possible for cases to disappear in police, investigative police (the Criminal Investigative Division CID), or *sarenwal* (investigative prosecutor) hands. Gathering evidence on crime and corruption is difficult due to limitations on investigative practices as well as pervasive interference in cases by informal community leaders, warlords, and state officials. Should investigations proceed, people believe that judges are easily bought, and prison officials can be bribed to release anyone in the unlikely case that court systems and processes result in conviction and sentencing. Internal Ministry of Interior (MOI), AGO, and Supreme Court procedures to combat corruption are typically seen as inadequate window dressing. But important progress has been made in the Afghan judicial sector.

Afghans believe that government employment is purchased rather than earned, and see that low level civil servant are underpaid. Stories are widely told about buying jobs, with the highest bidder appointed regardless of merit. While earlier, perhaps people with connections through family, party, or faction were privileged in employment, now Afghans belief that the system is simply dominated by money. And as a consequence of buying a position, incumbents must engage in corruption to raise the money that they had paid for the position (which they may have borrowed). With technical assistance provided by various donors including USAID via CDP, the IARCSC has made some progress on paper in developing transparent and accountable procedures for apolitical civil service hiring, promotion, or firing for up to the Grade 1 and 2 civil servants, which remain political and must reportedly be signed-off on by the President.

Afghan Perceptions of International Corruption

Afghans believe that international assistance is also corrupt, due to inefficiencies in high-cost delivery through international organizations, NGOs, and firms. Afghan perceptions of international "corruption" criticize the high pay and overheads for NGOs, contractors, consultants, and advisors as a form of corruption, irrespective of whether or not the applicable rules were followed in IC contracting. For its part, the Afghan government views much aid as corrupt simply because the resources are channeled outside the national budget and outside of their control. This "external budget" is a target of criticism, again regardless of whether or not outright corruption is involved.

Assessment of Political Commitment and Capacity

Evaluating political commitment to and capacity for anti-corruption work within the government, should be viewed at three levels: administrative corruption, mid-level corruption, and grand corruption.

With the exception of top state officials, none of the people interviewed for this assessment felt that there was at present real political will to address issues of grand corruption in the GIRoA. In addition, few interviewees felt that the upcoming presidential elections offered realistic prospects to build political will for anti-corruption. Public perceptions of impunity for high-level officials would not be changed by one or a few high level arrests or prosecutions, which would be seen as political actions rather than a real commitment to tackling corruption. In Afghan politics, arresting prominent leaders may also be a vote loser, since their network and associated voters would then oppose the current leadership in both the campaign and voter's booth. After the election, regardless of the victor, respondents felt that the entrenched system that enables grand corruption would endure.

At this level, the GIRoA has several fora that create capacity to lead, integrate, and manage anti-corruption efforts. The President has general cabinet meetings and now is supposed to have regular high-level coordination meetings on anti-corruption. But government institutions however have not been able to design or willing to follow up on anti-corruption measures. The Karzai administration is now developing a new specialized, anti-corruption agency – the High Office of Oversight – in the Office of the President that is charged with coordinating, monitoring, and motivating the government's anti-corruption effort. This new agency now has only a promising Director and Deputy Director, but is staffing up with the help of the international community and USAID. The failure of the previous specialized anti-corruption agency, the General Independent Administration for Anti-Corruption (GIAAC), has been taken as a cautionary example by the HOO.

Consistent with USAID's findings on the main expected outcomes of an anti-corruption agency (ACA) worldwide, the HOO aims for "overall improvement in the performance of the range of existing anticorruption functions within already established government

institutions, not the addition of new activities or use of the ACA to substitute for functions that should be performed by other parts of government."[3]

Other institutions that are critical in high-level AC work have to date demonstrated little will to do so, despite some capacity building efforts (long-standing work in the AGO for example). The Supreme Court has established a control and investigative unit to address judicial corruption, they report that 49 judges and court personnel have been fired over corruption issues in recent months as a result of internal investigations by the unit (in a system of some 1700 judges).

While corruption is expected to be a big issue in the presidential campaign, the views of both the Afghan people and governing elites about IC corruption are alternative ways for candidates to raise and use corruption in their speeches. These kind of attacks on corruption are popular and do not cost them domestic constituencies, such as any network of tribe, family, or wider accused of corruption.

There was much more optimism about combating mid-level corruption. Staff with reasonable salaries after PAR or through the various step-up programs of the IC were generally seen as clean and dedicated, and interested in reducing corruption by others in their organizations at all levels – if they felt it was feasible. Mid-level officials however lack the capacity to make substantial changes.

At the sub-national government level, while Governor's are formally not able to remove district governors or mayors, in practice powerful governors are able to take these action, and if willing to press ministries, may be able to make changes to the line-ministry heads in their province. Corruption allegations, supported by some evidence, have led some governors to make these kinds of changes – demonstrating that district-level will is possible.

Administrative corruption was generally perceived as the most promising area for anti-corruption work – because it was the most feasible, since many existing USAID and other donor programs have good tools, and because this type of corruption has the most immediate effects on the majority of the Afghan population. A wide variety of systems, processes, procedures, and support for training personnel and institutionalizing these changes within ministries, offices, and directorates in the center, at the provincial level, and below in districts and municipalities were seen as working now, promising for the future, and expected to increase the prospects for anti-corruption work up the chain in the future.

By reducing the points of vulnerability to corruption, increasing the prospects for detection and sanction, involving social auditing and/or other external review, and raising civil service pay though PAR and other official channels, reductions of corrupt practices at this level was thought to raise the prospects that lower-level staff would turn in corrupt supervisors at mid-levels.

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[3] USAID. June 2006. Anticorruption Agencies (ACAs): An Anti-Corruption Program Brief. Washington: USAID.

Brief Overview of USG Interests on Corruption in Afghanistan

Corruption has a serious, sustained negative impact on the direct operations of government in all areas, the degradation of the environment for civil society and business, as well as reducing citizen support for government. All three of these effects make corruption as a central barrier to security, governance, and development in Afghanistan. Corruption is thus directly detrimental to USG interests. Prior to his current appointment, Richard Holbrooke spoke of these connections in blunt fashion, noting that "the massive, officially sanctioned corruption and the drug trade are the most serious problems the country faces, and they offer the Taliban its only exploitable opportunity to gain support."[4]

With corruption thus a threat to Afghanistan, it is in our national interests to articulate a strategy to strengthen and integrate existing USG efforts against corruption, fill in gaps in assistance provision, as well as provide high-level political support to further efforts within the US and Afghan governments to generate political will for strong, sustained anti-corruption initiatives. Corruption – as a problem of governance – has a governance solution, as implicitly recognized by the USG: Director of National Intelligence Dennis C. Blair, in recent testimony to the Senate Intelligence Committee, asserted that "Kabul's inability to build effective, honest, and loyal provincial- and district-level institutions capable of providing basic services and sustainable, licit livelihoods erodes its popular legitimacy and increases the influence of local warlords and the Taliban". [5]

Addressing corruption as "a serious threat to Afghanistan's entire state-building and development agenda", as the World Bank has described the problem, has become a substantial component of IC assistance. [6] While numerous sources suggested that earlier, corruption had often been ignored by the international community in the effort to simply develop Afghan government and security capacity, now efforts increasingly tackle corruption directly through support for AC programs and indirectly by building transparent and accountable systems and processes in the GIRoA.

Progress in fighting corruption to date has been limited. Prioritizing security and building government capacity has permitted corrupt practices to develop and become deeply embedded in the operations of the GIRoA. Now entrenched, corrupt circles are difficult to replace or get around. Although USG efforts in anti-corruption have grown, and the U.S. leadership has increasingly demanded GIRoA action against corruption, when faced with tradeoffs, many observers believe that military counter-terrorism and insurgency imperatives trump anti-corruption. Rather than viewing these as opposed, the USG should instead recognize that ignoring or overlooking corrupt practices builds resistance to these two goals. In addition, no single USG entity or organization has managerial or coordinating power over the host of cross-cutting anti-corruption assistance and diplomatic efforts. USAID, DOS, and the U.S. military have many anti-corruption assets that can be strengthened through collaboration to further Afghan government anti-corruption efforts and our national interests.

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[4] http://www.washingtonpost.com/wp-dyn/content/article/2008/03/30/AR2008033001837 html

[5] http://www.nytimes.com/2009/02/13/washington/13intel html?ref=todayspaper

[6] World Bank. 17 October 2008. Corruption in Afghanistan: Summaries of Vulnerabilities to Corruption Assessments (Draft). Kabul: World Bank.

III. ASSESSMENT OF ANTI-CORRUPTION ISSUES AND OPPORTUNITIES

Assessment of the Institutional Architecture of Anti-Corruption Efforts

The argument used to be that the institutional environment for combating corruption in Afghanistan is characterized by "a lack of clear policy support, explicit legal frameworks, leadership, capability and/or clarity of functions in the different integrity institutions." This led to prescriptions that the GIRoA should address "institutional linkages, reporting lines, responsibilities in the field of corruption prevention, investigation, prosecution, education and coordination."[7]

Important progress has been made. Now Afghanistan has or is developing most of the institutions needed to combat corruption. Central to these efforts is the High Office of Oversight (HOO), which was created by Presidential Decree in July 2008. The dedicated AC agency has limited but critical technical responsibilities and authority, but will provide oversight and technical assistance to other key government agencies and ministries where advances in transparency and accountability (in financial management, human resources, etc) are needed. The HOO is mandated oversee investigation, prosecution, and justice for corruption allegations and cases. HOO has developed a draft strategic action plan (referenced in Annex C) to guide its first year of operations. The HOO is not an independent agency, but has been established within the Office of the President.

The current problem is that in practice the operations of these institutions, even ones older than the HOO, are limited by a lack of capacity, rivalries and poor integration, and an unwillingness to pursue and prosecute high-level corruption. With development, the HOO may be able to both boost capacity and address integration. But the HOO is not a substitute for high-level anti-corruption efforts in other institutions. The HOO can nudge these other bodies and assist them – but cannot drive the needed processes themselves. Monthly meetings of the High-Level Anti-Corruption Commission (AC), chaired by the President, with the HOO participating and serving as the secretariat, are the lever to push ministries and departments into building anti-corruption capacity, integrate actions across the government, and prosecute corrupt actions (by the AGO in the courts).

The leadership of the President, as in other areas of policymaking in the country, is required; that is why the Commission meets under his leadership. Commission members are the Second Vice President, Chief Justice, Minister of Interior, Minister of Justice, Attorney General, National Security Advisor, Director General of the office of Administrative Affairs and Cabinet Secretariat, General Director of the Department of National Security, Chair of the Administrative Reform and Civil Service Commission, Director General of the Independent Department for Local Governance, as well as the General Director and Deputy General Director of the HOO. The ACC provides guidance and oversight to the HOO to counter the concerns that many have expressed as to whether HOO will suffer the fate of its predecessor organization which was dissolved due to charges of corruption.

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[7] UNDP. 2008. Institutional arrangements for Combating Corruption in Afghanistan: Analysis and recommendations - Preliminary report. Kabul: UNDP. p. 6.

PREVENTION

Preventative efforts against corruption within the GIRoA are led by the new HOO, and combine work by the Ministry of Finance, Office of Administrative Procedures, the IARCSC, CAO, and MOE. These efforts are overseen by the Parliamentary Commission on Judicial and Justice Affairs, Administrative Reform and Anti-Corruption (JJAARAC), civil society (acting through NGOs and CSOs), and the media. Given the weaknesses of these GIRoA and other Afghan oversight efforts, other governments and international community organizations encourage prevention through both technical assistance programs - although only the UNDP Accountability and Transparency (ACT) is explicitly an anti-corruption program - and political engagement with and pressure on the government.

HOO has authority to lead in the prevention of corruption. The HOO is mandated to:

- Oversee and coordinate prevention efforts
- Assist Ministries in developing and implementing AC action plans/strategies, and
- Report on AC measures through the High-Level Anti-Corruption Commission to the President.

Prevention efforts focus on many areas. The HOO is to "lead" efforts to simplify processes and procedures within government to reduce vulnerabilities to corruption. This will be done in coordination with the Office of Administrative Procedures and the IARCSC, which lead in systems and human resource management respectively. To date the HOO has begun an develop a pilot program to streamline processes and reduce points of vulnerability in the traffic department in Kabul, which simplified procedures and processes for traffic tickets, drivers licenses, and car registration. Chosen as the areas that people experience their government, as well as known places that citizens suffer and complain about corruption; these efforts are promising and have even at an early stage already improved the Department's performance in the capital, according to the HOO.

The Ministry of Finance (MOF) is responsible for the financial management of budget resources, under the Public Finance and Expenditure Management Law. The Ministry has made substantial progress, as has been noted in their VCA. This responsibility applies to tax revenues collected by the GIRoA as well as to donor resources provided to the government. To do so, the MOF manages program budgeting, expenditure management, procurement, and has an ANDS implementation unit.

Budgeting is designed to target particular projects, and expenditures are tracked according to programs. Procurement has policies and processes to manage the purchase of goods and services. And in the MOF, a separate component focuses on the execution of the national development strategy through monitoring and evaluation (M&E) that link expenditures to program progress. While internal accountability mechanisms are quite strong in the MOF, external accountability has been weak. Parliamentary oversight, as well as civil society and media attention, has to date played little role in helping detect or deter corruption.

The Control and Audit Office (CAO) is responsible for auditing the financial matters of the government and is also mandated to identify deficiencies and inadequacies in public administration, by reporting to the President. The CAO ensures the implementation of

systems and procedures, and provides standards to the internal inspection and audit departments of Ministries and Agencies. The CAO can also make recommendations on how to improve laws and these procedures. The Office provides external audits as "appropriate" to government clients; to date these have been limited. The CAO and the Internal Audit Department in the MOF have an ongoing disagreement over which agency has authority to oversee audits in ministries and departments, as authorized by the Public Financial management Law (2005) which provides for the establishment of internal auditors in each ministry.

The IARCSC is responsible for human resources across the government. The agency has established HRM systems, policies, and processes for the civil service, and is managing the PAR/PRR processes that provide for salary upgrades based on job descriptions and performance for selected civil service positions. The agency has also developed well-thought out merit based recruiting and promotion systems and procedures, which it is rolling out to the provincial level. These apply to all civil service positions in the line ministries and in SNG. Modest progress has been reported regarding the implementation of PAR reforms, i.e., a number of ministries have completed the "pay and grade" program and have instituted associated organizational restructuring.

The MOE retains a role in ANDS implementation through oversight as well as M&E. One task is to identify implementation problems, whether ones of capacity or corruption, and refer them accordingly to capacity building programs (i.e., CDP) or to anti-corruption agencies (HOO). In addition, the MOE is charged with providing the public/press with progress reports on ANDS implementation. DFID is providing assistance to build MOE capacities to perform these responsibilities.

The Parliamentary Commission on Judicial and Justice Affairs, Administrative Reform and Anti-Corruption (JJAARAC) is charged with overseeing anti-corruption agencies and efforts and has the duty of proposing laws to combat corruption, but meets irregularly and does not have a focused agenda, thus is minimally effective.

EDUCATION

In addition to prevention efforts to enhance transparency in its public administration, the HOO needs to spread the information about procedures, policies, prices, and prosecution widely among civil servants and the public.

The HOO has already executed an initial public campaign, focusing on countering corruption and using the media to broadcast this message. The HOO commissioned four brief five to six minute television public service announcements demonstrating how to counter corruption, and had them repeatedly broadcast on RTA, bought some time on commercial channels, and reportedly had other commercial broadcasters voluntarily show the clips due to their high quality.

The HOO also plans a targeted outreach approach to civil servants on their roles and responsibilities. This has already been piloted in one critical way citizens interact with their government: with drivers' licenses, car registration, and traffic tickets in Kabul. To reach the general public, the HOO also plans to work with CSO advocates for good governance.

The GIRoA also recognized a general need to better communicate with citizens. To do so, the Office of the President (OoP) has a Media Center that works to developing whole-of-government as well as ministry specific messaging and improved press relations that HOO can employ. The imperative of educating the public about what their government is doing in general, and in anti-corruption in particular, has been recognized and should be made a priority in the strategic communications of all Ministries; HOO and the Media Center can help make and advertise these changes to the population.

The media sector provides the main methods for reaching the population; both the government RTA channels as well as commercial electronic media have the footprint to reach most of the population, though television in urban areas and radios in rural ones. However, the main media sources are not independent. RTA broadcasts for the government and most of the commercial channels depend on large business clients to support their entertainment-oriented programs. Other media outlets are dominated by particular viewpoints, be it religious or the perspective of a political party. Then there are some independent (i.e. Radio Nehad in Mazar-e-Sharif), which struggle to compete with stations that have better-funding from large commercial sponsors. Finally there are international media alternatives, although they do not focus much of their broadcasting on Afghanistan. And print media has only a small circulation in the major cities.

Another part of the needed infrastructure for anti-corruption education comes from outside the state. An active civil society must push for transparent and accountable government; this is typically the role of some political CSOs/NGOs. However, in Afghanistan, this sector is weak, and has to date not taken up this political role (with organizations typically preferring service delivery roles). NGOs need additional support to become advocacy oriented and to focus on governance and anti-corruption. There are some promising examples of NGO work at the local level that can be built upon, such as the approach of WADAN in working with local traditional leaders (maliks) on structures and the language of democracy for village governance.

Afghanistan plans to hold a series of elections over the next four years, electing the President, Parliament, governors, mayors, district heads, and provincial councils. These elections will be managed by the Independent Electoral Commission (IEC), which is responsible to do so in a transparent and accountable way.

ENFORCEMENT

Enforcement is critical in Afghanistan, where citizens and civil servants both note a culture of impunity among government officials. The HOO has some limited enforcement duties, which are the overall responsibility of the MOI, AGO, the MOJ, and the courts.

The HOO will seek out corruption complaints as well as receive, catalog, and distribute them to relevant ministries and departments, and subsequently track their resolution. The anonymity of forwarding through this mechanism has the potential to be an effective whistle blowing measure – as long as the identity of the person complaining is protected and complaints are adequately followed up upon. It is left to the relevant ministry or department, in addition potentially to the ANP, AGO, and MOJ, to address the complaints and enforce any remedy. The HOO will also track these cases, and report on resolution to the President. In addition, as part of the asset registration, the HOO is charged with

ensuring that there is an accountability mechanism for inquiring into assets and tracking the follow-up of the AGO and courts in cases of illegal enrichment.

Like the High Office, the Afghanistan Independent Human Rights Commission (AIHRC) is also supposed to receive complaints from citizens. While the Commission's reports have not focused on this area, instead emphasizing social and economic rights, corruption falls under their mandate since it violates human rights. The Commission can not investigate a complaint that relates to corruption, but may compile the information and forward it to the AGO for investigation. The AIHRC focuses on making progress in how the government fulfils its obligations under the International Covenant on Economic, Social and Cultural Rights.

As part of enforcement, the IARCSC as well as individual government ministries and departments must develop and use administrative rules and sanctions against corrupt government officials. Public administration reform will play a key role in developing regulations to manage accusations of corruption or malfeasance as well as processes for addressing them within the civil service system. Codes or standards of conduct for the civil service must also include disciplinary measures for violations.

Responsibility for the initial "discovery" of crimes, such as corruption, generally falls to the ANP, under the MOI. After any unit of the police starts a case, the CID then has the next phase of the discovery, up to three days after the case is initiated. The AGO is tasked with picking up cases referred by the CID for investigation and to determine whether the case merits prosecution. The investigative prosecutors (Serenwal) in the AGO are thus critical elements in an effective anti-corruption effort. The USG, through INL, has supported a recent effort by the AGO to establish a special prosecutors unit on anti-corruption to handle these difficult cases, and to act proactively to potentially find corruption cases themselves, rather than requiring an initial move by the police. The ANA, through the MOD, and ANP, in the MOI, have their own separate prosecutors for handling crime and corruption within their organizations. The Anti-Bribery and Anti-Corruption Office (ABACO) handles corruption cases in the Ministry of Interior while the IG and Anti-Corruption Prevention Unit in the Legal Department addresses work in the Ministry of Defense.

The National Directorate of Security (NDS) is responsible for countering organized crime, a mandate that extends to corruption. In these cases the NDS confines itself to information gathering and referring information to the Attorney General's Office, HOO and the Police. Information on and allegations against high level officials is submitted to the President who decides on any further action.

Finally, cases must be brought to the Court system by the AGO. Then judges will be able to rule on the merits of the case, with those found guilty sentenced to meaningful punishments. Provincial appeals courts plan to establish anti-corruption divisions which will serve as trial courts for corruption cases. As with prosecutors, the Afghan military and police have separate courts, judges, and penitentiaries for soldiers and the ANP.

Analysis of Existing Anti-Corruption Laws, Regulations, and Policies

The legal framework for the fight against corruption is based on the Afghan constitution, the United Nations Convention against Corruption, and the law on overseeing the

implementation of the anti-corruption strategy, which established the HOO. The same general challenges apparent in the overall legal framework of Afghanistan are also applicable in the area of anti-corruption; the mechanisms to adapt existing law upon the passage of other laws are weak, and information about new laws and regulations is not widely available. Many stipulations of new criminal legislation, in particular on anti-corruption, lack punishment in the penal code.

For example, the Law on the Campaign against Bribery and Official Corruption does not define many of the forms of conduct it prohibits, such as "bribing, illegally recommending, requesting and lobbying" or "the embezzlement, misappropriation or other diversion by a public official," as well as offences of "active and passive trading in influence."[8] As the HOO moves forward with asset registration for officials, it is especially critical to make illicit enrichment or possession of unexplained wealth an offence under Afghan law. And since corruption is also a problem driven by the business and citizen side, these same of offences of active and passive bribery, embezzlement, and the laundering of the proceeds of crime need to apply when done in the private sector and should be added as such to the criminal code. A measure to make the concealment or continued retention of property when the person involved knows that such property is the result of an offence a crime also needs to be added to the criminal code.

In Afghanistan, special carve-outs have been made for the strengthening of law and legal enforcement in particular issue areas. For example, special investigative techniques are authorized in the Counter Narcotics Drug Law to address drug trafficking-related corruption, and also through the Anti-Money Laundering and Proceeds of Crime Law. The intent is for these legal changes to encourage obtaining evidence for offences covered under these laws. Other areas where these measures are needed, such as to combat corruption, do not have these carve-outs for stronger investigative systems. Legislation is needed to allow these special investigative techniques – as well as to establish systems for adequate protection of citizen's civil and political rights.

Other areas of law need revision, as well as training for *sarenwals* in how to investigate corruption cases in financial institutions. To investigate corruption, additional ways are needed to investigate financial holding adequately given regulations/laws on bank secrecy, and the pervasive – and sometimes pernicious – influence of the *hawala* money transfer system. Provisions for freezing, seizure and confiscation that have been included in other laws, such as the Counter Narcotics Drug Law, the Anti-Money Laundering and Proceeds of Crime Law, and the Law on the Campaign against Financing of Terrorism, but are now confined to offences under those laws – and should be extended to corrupt proceeds as well. Legislative changes are necessary to enable the court to consider corruption to be a relevant factor in legal proceedings to annul or rescind a contract, withdraw a concession or other similar instrument, or to take any other remedial action in the wake of a corruption conviction.

Afghan legislation does not include restitution as a sentencing option in the anti-corruption law. The United Nations Convention against Corruption (UNCAC) argues that there can be no prevention, confidence in the rule of law and criminal justice processes,

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[8] Jayawickrama, Nihal. May 2008. The United Nations Convention Against Corruption: A Gap Analysis of National Legislation in Afghanistan. Kabul: UNDP, p. 42, 44, 46.

proper and efficient governance, official integrity or a widespread sense of justice and faith that corrupt practices never pay, unless the fruits of the crime are taken away from the perpetrators and returned to the rightful parties. The absence of witness protection procedures in the law of Afghanistan is a serious handicap to case development, and should be addressed.

Once the HOO has been sufficiently stood up, the office should work with Supreme Court, MOJ *Taqnin*, AGO, and other Afghan stakeholders and with donor technical assistance to evaluate and prioritize what laws to amend and modify to boost anti-corruption efforts. These changes should to empower the HOO and the principal anti-corruption agency in the AGO by creating and defining the offences enumerated in the HOO law in the criminal code (in accordance with the Convention and Constitution). This includes principles of liability, jurisdiction, investigation, prosecution, sanctions and asset recovery, as well as other more general matters of a procedural nature, such as extradition and witness/victim provisions that may be incorporated into an amended Penal Code and/or Criminal Procedure Code.

Review of USAID and other USG Anti-Corruption Efforts

USAID's efforts to combat corruption in Afghanistan are largely focused on core governance and rule of law capacity development activities designed to strengthen transparency, accountability and effectiveness in the most critical functions of national and sub-national government.

Office of Democracy and Governance (ODG)

ODG provides substantial assistance to build governance capacities via several key initiatives:

Capacity Development Program (CDP). CDP is a $218 million program that works closely with the Ministry of Finance (MoF) and Independent Administrative Reform and Civil Service Commission (IARCSC) to modernize financial and human resource management structures, systems and skill sets. Training, coaching, technical assistance and systems development has supported significant capacity development in the program budgeting, procurement, and internal auditing functions of a number of ministries and agencies. CDP has helped IARCSC to implement the Public Administration Reform and Priority Reform and Restructuring programs which are the basis for "pay and grade" salary reform efforts, and have assisted in the development of professional human resource management capacities.

Office of the President/Support for the Center of Government (OoP/SCoG). The OoP assistance program (provided through the SCoG grant and a cooperative agreement with The Asia Foundation) has supported basic public administration capacity development throughout the Office of the President including financial management, HRM, IT, strategic communications and other critical capacity development. The program is currently providing support for the High Office including: salaries for five program directors, resources for the initial civic education campaign; and, advisory assistance.

Afghanistan Rule of Law Program (ARoLP). ARoLP addresses the judicial system, and has provided training for more than 1,000 judges, supported the development of

systems for case management, tracking, and open information for courts, and worked to develop a code of ethics for judges.

Initiative to Promote Afghan Civil Society (I-PACS). I-PACS provides assistance to build civil society capacities. To date, its programs have not had an anti-corruption focus, but such programs could be provided going forward.

Building Independent Media in Afghanistan (BIMA). BIMA has provided significant assistance to promote media advocacy campaigns and produce and distribute news and information. Future assistance could support various anti-corruption advocacy initiatives.

Office of Economic Growth (OEG)

OEG's **Economic Governance and Private Sector Support (EGPSS)** has helped to implement customs reforms that resulted in a 400% increase in revenues, established a streamlined business registration service, advised on banking reforms and directed a transparent telecom tender process. **Land Titling and Economic Restructuring Activity (LTERA)** assistance has helped to reform the inadequate land administration system, including digitizing land records covering 21 provinces and over 6 million records.

Office of Social Sector Development (OSSD)

OSSD has worked to strengthen the procurement capacity of the Ministry of Public Health. Its **BESST (Basic Education Support Systems for Teachers)** project is working with the Ministry of Education to develop a teacher registration database and a more uniform recruitment practices. Other education initiatives related to corruption prevention have included the modernization of the university entrance examinations system (with **CDP** assistance), and the introduction of forgery proof paper for the printing of authentic university diplomas.

Office of Infrastructure Engineering and Energy (OIEE)

OIEE works with its contractors to address on the ground problems with corrupt officials looking for bribes, kickbacks, and/or the hiring of friends and family. A major point of corruption in Afghanistan is the electrical distribution systems/processes. Extra fees are charged for hook-ups, bribes are paid to meter readers, bypassing meters is common, revenues returned to the central Ministry of Energy and Water are almost always "short". OIEE is providing assistance in Kabul to stand-up the electrical distribution system as a commercial enterprise to help minimize corruption.

Alternative Development and Agriculture Office (ADAG)

ADAG requires that farmers receiving assistance to take the "poppy pledge" not to grow poppy. For infrastructure projects within the ADAG program, strict quality control standards are specified.

Provincial Reconstruction Team (PRT)

The PRT **Local Governance and Community Development (LGCD)** program has supported various participatory governance activities and basic level skills development in provincial and district offices throughout the country. Sub-national government is in its infancy, LGCD assistance has been modest compared to the enormous needs.

Other United States Government (USG) Anti-corruption Assistance

The Economic section of the Department of State (DOS) supports A/C efforts on a policy level with central ministries in Kabul, such as by encouraging Afghan compliance with an IMF program aimed at reducing customs revenue leakage, and by supporting GIRoA efforts to strengthen banking supervision.

DOS's political and political-military sections stress A/C issues in many of their relationships with ministries and Parliament. For example, they have worked with other donors and the new MOI to identify senior officials in the MOI who were judged to be corrupt. A number of those officials have since been removed from their positions.

The US Treasury has worked with the Ministry of Finance to improve the promulgation and enforcement of regulation. Several IMF program commitments and prior actions to increase revenue – such as the collection of taxes from the state airline and the audit of the state fuel importer – touch directly on the uniform application of law. Treasury provides technical assistance in support of Afghanistan's public financial management reform efforts with the objective of developing efficient and effective public financial management system and increasing the capacity of the MOF to ensure better and more transparent operation of public finances.

Treasury also supports efforts to combat illicit financial activity in Afghanistan by providing technical assistance to the Central Bank to build capacity in Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT), supervision of the formal and informal financial sectors, and to develop the capacity of financial intelligence analysts, financial crime investigators, and prosecutors to identify, investigate, prosecute, and seize assets from terrorist organizations, narcotics traffickers, and organized criminal groups.

INL, through its Justice Sector Support Program (JSSP), is strengthening the capacity of the Attorney General's Office to monitor, investigate, prosecute and appeal cases of corruption more efficiently, effectively and fairly. To this end, INL/JSSP, with support from DOJ, EUPOL and the UK, is creating and will continually train and mentor an Anti-Corruption Unit (ACU) within the AGO to consist of a specialized core of vetted prosecutors (and supporting staff) to investigate and bring to trial high-level cases of corruption. INL has refurbished and equipped a special building on the AGO grounds specifically for the ACU. Other USG agencies contributing to the effort include DOJ, FBI (vetting and training), and Treasury (will provide financial transaction tracking training and expertise).

DOJ has six Assistant US Attorneys in Afghanistan. Two of them focus their efforts on mentoring the Criminal Justice Narcotics Task Force, which has nationwide jurisdiction over major narcotics cases, including drug-related corruption cases. DOJ helps the CJTF prosecutors build and present those drug-related corruption cases. Two other DOJ attorneys are focused on helping establish the AG's ACU referred to in the paragraph above. Once established, they will focus their efforts on helping the attorneys there build cases. Another DOJ attorney works with the international community's Criminal Law Working Group, which is currently working on amendments to the Criminal Procedure Code, including measures for streamlining the investigation and prosecution of corruption.

International Donors Assistance for Anti-Corruption Activities in Afghanistan

International donor assistance for specific anti-corruption activities have focused on two key initiatives, the World Bank led series of "Vulnerabilities to Corruption Assessments" (VCAs), and the UNDP Accountability and Transparency (ACT) program.

VCAs

Conducted by the World Bank, Asian Development Bank (ADB), UNDP and DFID in close cooperation with GIRoA, six VCAs have been conducted to date covering several critical sectors and various core government functions, as follows:

- Public Financial Management and Procurement (World Bank)
- Revenue Department of the Ministry of Finance (DFID)
- Budget Department of the Ministry of Finance (UNDP and DFID)
- Merit-Based Appointments in the Civil Service (World Bank)
- The Road Sector (ADB)
- The Energy Sector (ADB)

The VCAs address the types, causes, impacts and extent of corruption, and detail specific vulnerabilities to corruption in particular sectors, agencies, and functions. Measures to help prevent corruption and strengthen enforcement are provided. Taken together, the VCAs develop a compelling case for significant donor assistance and intervention to combat corruption focused on:

Strengthening political will and leadership. Political will is needed at the highest levels of government to change the culture of corruption in Afghanistan. Ethical and professional standards for top leadership in key ministries and agencies must be strengthened in order to create meaningful accountability across the government. More external pressure will be needed to foster the political will and leadership required. Interventions to develop pro-active media and civil society advocacy should be supported. Stronger conditionalities need be attached to donor assistance.

Building institutional capacities. Improvements in core governance, public administration and judicial responsibilities in central and sub-national levels of government requires significant donor assistance. Strengthening the transparency and accountability of critical government operations is a long term struggle, but progress has been made, and given an appropriate level of assistance, realistic mid-term goals can be achieved.

Developing credibility. Corruption is increasingly an openly debated issue in Afghanistan, and public cynicism is rampant. Efforts are needed to demonstrate that GIRoA and the donor community support a serious approach to anti-corruption. Operationalizing the High Office of Oversight (HOO) via its strategic action plan, and implementing its first phase of programming to streamline and make transparent the processes to issue drivers licenses and passports, will be a highly visibly and early demonstration of progress that can build the government's anti-corruption credibility.

UNDP/ACT

The UNDP Accountability and Transparency (ACT) program, with funding from Norway, Italy and UNDP itself, has been working with GIRoA since January 2007 to improve the institutional and policy environment needed to implement the national anti-corruption strategy. ACT has focused on enabling the establishment of the High Office of Oversight, and is currently working closely with HOO leadership to build capacity of key program departments. ACT is providing technical assistance to four government institutions (Ministries of Finance, Education and Interior, and the Control and Audit Office) to implement key recommendations of VCAs including complaints and internal investigation capacities. ACT has helped to establish Integrity Promotion Offices in these institutions. Via its Accountability and Transparency Grants facility, ACT is supporting Integrity Watch Afghanistan and several other NGOs in an effort to strengthen civil society and media involvement in the fight against corruption.

Other Notable International Donor Anti-corruption Assistance Initiatives

Numerous other donor assistance programs help to develop transparency and accountability. Space limitations preclude further discussion beyond the three efforts below.

A variety of technical assistance has been provided by the World Bank to strengthen critical transparency and accountability capacities in financial management (program budgeting, internal auditing and procurement) in key ministries and agencies via, and including, the Ministry of Finance. The World Bank has also provided significant assistance to the Independent Administrative Reform and Civil Service Commission (IARCSC) to implement a modern human resource management capacity and compensation structure.

UNDP's Afghanistan Sub-National Governance Project (ASGP) is helping to build similar transparency and accountability capacities in provinces, municipalities and districts in several regions of Afghanistan. Notable early success has been achieved in Mazar-e-Sharif where ASGP has pioneered efforts to modernize revenue collections. The resulting 100% increase in collections has been targeted to implement the pay and grade reforms as a first step in developing a cadre of municipal civil servants less prone to corruption.

DFID is a major contributor to the High Office of Oversight. DFID has helped to mentor the Attorney General's Office, and has provided technical assistance to the Control and Audit Office. DFID also operates a major assistance program for sub-national government in Helmand province focused on participatory governance and transparent and accountable project implementation.

Review of Evaluation Tools to Monitor Corruption Issues and Perceptions

UNDP/ACT commissioned the design of a prototype monitoring system in 2008. The resulting "Hawken and Munck" proposal is a comprehensive, but somewhat academic approach for monitoring corruption in Afghanistan. Their "Corruption Monitoring System" (CMS) consists of 14 indicators for assessing anti-corruption reforms and actions taken by the government, as well as conceptions, tolerance, and perceptions of

corruption. CMS would require. multiple surveys (of experts, stakeholders, civil servants, the general public, etc.), various analyses (of legal text and practices, expert ratings, corruption reports, etc.), and several methods of data collection. It includes a "corruption scorecard" template and guide to present findings. The CMS would be a good choice to build a rigorous data base and long term in-depth research program on corruption. Many of the participants in the workshop convened by UNDP/ACT to introduce the prototype expressed concern as to the feasibility and cost-effectiveness of CMS in the Afghan context.

For oversight responsibility of the implementation of the national anti-corruption strategy by the High Office, a simpler monitoring system may be more practical and efficient. The High Office is primarily concerned with measuring progress in the fight against corruption and developing the feedback necessary to strengthen anti-corruption policy and planning. The High Office should tailor one or more of other existing anti-corruption monitoring tools to fit its requirements using multiple sources of information..

The Asia Foundation's "Survey of the Afghan People" series is a comprehensive annual survey of critical issues and concerns facing the citizens of Afghanistan. It includes several general questions related to Afghans perceptions of corruption and its impact on their daily lives. Additional questions targeted to more specific corruption concerns could be added and prove an effective mechanism for High Office monitoring needs.

UNDP/ASGP's "Go-For-Gold" survey, shortly to be implemented in several provinces of northern Afghanistan, has been designed to monitor governance in the provinces, districts, municipalities, and villages in Afghanistan against benchmarks and governance indicators required by the Independent Directorate of Local Government (IDLG). The indicators focus on processes, institutions and relationships at the sub-national level of government, and are in fact a good representation of the environment within which an anti-corruption prevention agenda would be implemented. The survey focuses on governance performance, and could be supplemented with more specific indicators/questions on corruption.

Integrity Watch Afghanistan (IWA) has conducted survey research and focus groups across many provinces in the country on perceptions and experiences of corruption. Their surveys of thirteen provinces in August 2006 was followed up with interviews and focus groups in eight provinces in the fall of 2007 focus on how the population and civil servants view corruption. They have also conducted the Open Budget Survey 2008 and the Reconstruction National Integrity System Survey (RNISS), both of which provide detailed analysis of specific corruption related governance issues. Such surveys can complement whatever system is ultimately chosen by the High Office for its basic approach. Additional donor assistance would be required to continue IWA surveys.

IV. RECOMMENDATIONS FOR FUTURE PROGRAMMING

As noted in the introduction of this report, corruption in Afghanistan is pervasive, entrenched, and systemic. It will be a profound challenge to reverse the deeply embedded corruption patterns that operate at all levels of government and across the full reach of the country. A systemic approach, and a significant and sustained program of assistance from USAID and others, will be required to support GIRoA efforts to develop effective prevention, awareness and enforcement initiatives. Expectations, particularly for the short term, must be realistic. But there appears to be a growing voice in civil society, in the media and business communities and even within certain coordinates of government for meaningful progress. Donor assistance that energizes and supports this gathering storm of civic concern can lead to the fundamental reform required for long term success.

Strategic Objectives of Future Assistance

The underlying theme of this report is that effective anti-corruption strategies work best when prevention, education and enforcement activities are combined, integrated and forcefully implemented. Thus, future USAID technical assistance and support of GIRoA driven anti-corruption activities should focus on three strategic objectives:

- *Building GIRoA governance capacities related to transparency and accountability*
- *Reducing corruption where it directly impacts the people of Afghanistan*
- *Changing the culture of corruption that subverts governance at all levels*

Modest progress has been made in the first objective. Notable progress can be achieved even in the short term on all three fronts given a proactive and serious donor approach and package of assistance. Fundamental reform over the long term will require a high level of political will and leadership not yet seen in the highest offices of the GIRoA.

Building Governance Capacity

Corruption in Afghanistan has been described as "a symptom of poor governance". It is critical that anti-corruption assistance synergize with USAID's ongoing and substantial portfolio of governance capacity development initiatives. Much of USAID $700 million Office of Democracy and Governance (ODG) program focuses on reforming core administrative, financial and human resources management, elections governance, and other transparency, accountability and rule of law initiatives that are fundamental and prerequisite in any corruption prevention strategy. USAID sector programs in Economic Growth (OEG), Social Services Development (OSSD) and Infrastructure Engineering and Energy (OIEE) address a variety of points of corruption vulnerabilities – banking and business registration reform, procurement for health services and infrastructure projects, access to higher education, etc. An anti-corruption agenda can capitalize on work underway and exploit existing change management networks, innovative approaches, and ongoing policy and systems development.

Given the extremely weak governance capacities in Afghanistan today, a "foundational" package of assistance is required, one which provides and prioritizes activities through an anti-corruption lens, and which attacks corruption by reforming and/or strengthening base governance conditions directly related to root causes of corruption, including:

1. **Salaries**. GIRoA recognizes that wages paid to most civil servants, particularly those in sub-national government, are severe and for many barely sufficient to provide for a family much above a poverty level. As a result, a "tolerance" for dealing with corruption associated with low paid government workers has developed and become widespread, notwithstanding the corrosive nature of corruption even at the lowest levels of government. With significant donor support, GIRoA is making progress in upgrading pay scales. Additional assistance is required to continue the roll-out the Priority Reform and Restructuring (PRR) and "pay and grade" (P&G) programs. With salary upgrades the corruption excuse of low pay is removed, but the carrot of salary reform must be sequenced and linked with the threat of corruption enforcement in order to effectively hold civil servants accountable.

2. **Skill Sets**. Civil servants need to be better trained and better managed if they are to be part of the solution to corruption, not part of the problem. In particular, training, coaching, and longer term professional development are required in technical areas, management, and leadership for positions directly related to anti-corruption initiatives.

3. **Structures**. The establishment of the High Office of Oversight (HOO) is, on paper, a major advance in developing a technical capacity within GIRoA to implement the National Anti-Corruption Strategy (the "Azimi" report). Various other structures, mechanisms, and processes will be needed over time to supplement the limited, but critical, role of HOO. For instance, there is an ongoing dialogue to use regional appeals courts as trial courts for corruption cases. Significant technical assistance would be required to operationalize this concept. Progress in adopting legislation to create HOO, and in other areas related to rule of law, needs to be followed with the development of more specific administrative codes, procedures and regulations in order to enable stronger corruption enforcement. New mechanisms must be designed and implemented to streamline processes for public service delivery such to eliminate points of vulnerability to corruption in the issuance of driver licenses, passports, car registrations, and other public services.

4. **Systems**. Properly developed and operationalized Management Information Systems (MIS) for financial, human resource or project management, can help shed light on government operations. When integrated within a strengthened management capacity in key control ministries and agencies, MISs are invaluable tools for transparency and corruption prevention. Key anti-corruption tools include procurement, complaints intake and case tracking systems.

5. **Society**. Advocacy for anti-corruption initiatives via civil society, and governance oversight and civic awareness via the media are fundamentally important in combating corruption. Anti-corruption efforts can be sustained only through a collaborative partnership of government, civil society and media.

Reducing Corruption that Directly Impacts Afghan Citizens

Afghans are angry that justice is bought and sold, not dispensed, good public sector jobs go to the highest bidder, police and judges charged to protect them are too often out to extort from them, and many public services are delayed "indefinitely" unless a bribe is

paid. Corruption related to justice, security, services and jobs touches people most directly and not surprisingly generates the most heated outcry for change. Addressing such day-to-day corruption is critical to engaging the citizenry in the difficult and long term fight against corruption. In its initial workplan, HOO is targeting efforts to streamline the issuance of drivers' licenses and passports in Kabul. This is an important first step which if successful can serve as a model for a proactive and visible program to reform corruption prone service delivery processes. A significant initiative is underway at the Ministry of Interior to better trained and to effectively investigate/prosecute corrupt police officials. The IARCSC has developed and will soon implement new and more tamper resistant processes for merit based hiring of mid and entry-level civil servants. As these and other ongoing initiatives are implemented, a stronger effort will be required to publicize progress, thus efforts are required to develop the strategic communications capacity of the IARCSC in order to understand and work with the media.

Changing the Culture of Corruption in Afghanistan

The work to build governance technical capacities is a long-term struggle. More immediately, there is a critical need and opportunity to attack directly and forcefully the culture of corruption in Afghanistan. Citizens are cynical about the "system" and whether progress can be made. Corrupt officials feel untouchable, protected behind a wall of connections and payoffs. A way forward must be found to achieve small but real victories and communicate successes in order to build confidence that progress is possible.

The front line of attack on the culture of corruption must come from a strengthened enforcement capacity targeted initially on those areas of corruption noted above that directly impact the daily lives of Afghans. USG efforts are underway to use the experience and techniques gained in investigation and prosecution of narco-trafficking to combat corruption. USAID assistance to complement these activities includes rule of law, civil society and media initiatives described later in this report.

Overview of a Recommended Strategy for USAID Anti-Corruption Assistance

A strategy to guide USAID anti-corruption programming must focus on areas of assistance where USAID's development experience and expertise can best be exploited. As well, USAID assistance must be clearly and carefully targeted to support a coordinated USG approach. The strategy presented following outlines a package of programmatic activities and an operational approach which taken together are meant to achieve both short and long term progress. Key aspects of the strategy include:

- **Targeted Programming**. USAID anti-corruption assistance must be targeted on specific prevention, education and enforcement "opportunities", that is, where there is GIRoA buy-in and commitment, and where assistance can realistically be expected to foster core transparency and accountability governance capacities. Programming must be carefully designed and prioritized using an anti-corruption "lens" to ensure that every effort is made to effectively exploit synergies within and among USAID and USG programs. This report provides a first cut assessment of ongoing and proposed programming activities that need to be continued, expanded, developed, linked, and/or differently tailored to better address corruption issues.

- **Strengthened Conditionality**. Given the dimension of corruption in Afghanistan, a serious anti-corruption agenda must include all available weapons. "Conditionality" is the use of highly desired project funding (cash-for-work, community infrastructure, salary support, etc.) as a carrot matched to a negotiated set of requirements holding government accountable on the use of the funds. While conditionality is implicit and applied at some basic level in all USG project funding, more can be done to use such funding as incentives to reduce illicit behaviors and build transparency and accountability capacities.

  Clearly, programs to stabilize communities at-risk cannot be held hostage to rigorous conditionality. In the most difficult districts, there is too little trust for significant change through conditionality. A softer conditionality should be tested in the provinces. Understanding the local situation is critical, are there local leaders who have the trust and respect of their people who are open to introducing/implementing mechanisms of transparency and accountability? Once leaders are identified, a dialogue can begin to craft a set of principles to govern the relationship (e.g., acceptance of the responsibilities of transparent and accountable government including participatory planning, open books, social audits, etc.), criteria to measure achievement, and thresholds to trigger rewards. It would be important to define for leaders the benefits of participation/partnership, including a major role in shaping project implementation and the potential for increased funding tied to first stage successes.

  At the national level, conditionalities and benchmarks should be negotiated on HOO support. Efforts in CDP, SCoG and other programs to condition assistance on stronger GIRoA commitment to program objectives must become the standard for USAID assistance.

- **Strengthened Leadership**. Leadership is a vital for effecting change. Every person interviewed for this assessment noted the lack of political will, particularly at the highest levels, to combat corruption. The development of leadership capacities in key positions in government, civil society and the private sector can help generate political will. Training can provide ways to envision a better future from change, and capacity to articulate mission, values and strategies that will be "owned" by organizations and used to accomplish organizational objectives. The development of a new generation of leaders must begin now for current and proposed anti-corruption efforts to be sustained.

  Development of a new generation of leaders must begin now. A future cadre of committed, disciplined and knowledgeable young leaders is fundamentally important if current and proposed anti-corruption efforts are to be sustained.

- **Engaged Citizenry**. Donor anti-corruption assistance to GIRoA is a necessary but not sufficient response. Citizens must become fully engaged in the battle. Engagement can be developed via civil society and media initiatives with programming support to build critically needed capacities for external accountability through checks-and-balances.

- **Operational Approach**. Future AC programming should test and evaluate different assistance approaches. Pilot programs can identify what works best on

the ground. A prototype pilot AC program is presented later. And monitoring and evaluation efforts must focus on outcomes, not simply outputs.

Management and coordination of all anti-corruption programs and activities needs to be stepped up, within GIRoA and other recipients of USAID assistance, implementing partners, and USG/Afghanistan and USAID itself. Part-time coordination or unfocused management will not achieve the desired results. This strategy presents an outline for strengthened management and coordination capacity following the program agenda discussion of this report.

Recommended Strategy for USAID Anti-Corruption Assistance

The "Strategy for USAID Anti-Corruption Assistance" recommended below is a multi-faceted set of programming and organizational initiatives to address the technical, management and leadership requirements for serious, substantial and sustained AC assistance response. Much of the assistance will be directed through the ongoing ODG capacity development portfolio. Short, mid and long-term objectives are targeted. A design for a pilot approach is presented, and a new management structure is proposed.

The components of the Strategy are:

➤ *An Agenda to Stand-up the High Office of Oversight*
➤ *Prevention Agenda*
➤ *Education Agenda*
➤ *Enforcement Agenda*
➤ *USAID "Do No Harm" Precepts*
➤ *USAID/USG Management and GIRoA/Donor Coordination*

Standing-up the High Office of Oversight (HOO)

HOO Mandate

The establishment of the High Office of Oversight (herein the High Office) via the Law on Overseeing the Implementation of the Anti-corruption Strategy, following the adoption of the Azimi report as the Afghanistan National Anti-corruption Strategy, is evidence of a growing recognition of the increasing threat corruption poses to the development of the country. One advisor has characterized an internal GIRoA dialogue of concerned officials as focused on the need to "reduce corruption from being systemic to merely episodic". This would be a major achievement, unlikely in the near term. But a sustained integrated effort that helps build external pressure (via civil society, the media and donor conditionality) to challenge entrenched interests coupled with assistance to GIRoA for core governance reform could make a difference. The High Office's role is critical.

The High Office has been mandated to work in a collaborative partnership with GIRoA ministries and agencies, including all levels of sub-national government, to identify and address points of vulnerability to corruption, and to raise standards of integrity. The High Office is not to assume responsibilities for activities over which it had no control, i.e.,

ministries are to implement their own anti-corruption programs with guidance, support and oversight from the High Office.

The High Office has been structured to carry out the following functions:

- Strategy and planning
- Oversight and reporting
- Prevention systems development/improvement
- Complaints management
- Case tracking and review
- Assets registration
- Media and public outreach

A key responsibility of the High Office is to convene a monthly high level Commission to be chaired by the President to report on progress in implementing the national strategy. Initially, these meetings will be private. However, to ensure the highest level of transparency, meetings should follow a closed/open door approach whereby sensitive/confidential discussions will be held behind closed doors the first half of the meeting, followed by a more general discussion that would be open to the public.

The High Office is charged to oversee (assess, identify strengths/weaknesses, devise improvements) the anti-corruption strategies and implementing programs of all GIRoA ministries and agencies. Thus, the High Office will be in a position to direct partner assistance to the most critical and immediate areas for strategy implementation.

The High Office's Media and Public Outreach program is developing a civic education campaign focused on issues of corruption in the daily lives of Afghans that will be coproduced and distributed through partners including the media, NGOs, business and/or professional associations.

The Complaints and Information Gathering (CIG) unit will serve to receive, verify and forward citizen complaints (either to the relevant ministry for administrative redress or to the Attorney General's Office for investigation – the High Office does not have investigative or prosecutorial authorities). In time, the database of complaints will be an important source of information on the nature of corruption in Afghanistan, and thus can provide feedback to the strategy team. Complementing the work of the CIG will be the Case Tracking & Review (CTR) unit that will monitor and report on the progress of legal cases.

The Assets Registration unit is mandated under Article 154 of the Constitution and the Law on Overseeing the Implementation of Anti-corruption Strategy to develop and manage a system within which national officials must declare their wealth, a critical first strike weapon in efforts to prevent corruption.

As noted in its draft strategic action plan, the role of the High Office will be "to coordinate, collaborate and lead the anti corruption effort, and not to try to command and control the agenda". Perhaps the most important rationale for donor assistance to the High Office is that only a central point of oversight such as the High Office can provide the shared vision, common purpose and coordinated programming needed to sustain an anti-corruption agenda in Afghanistan.

Technical Assistance and Support for the High Office

The High Office has an ambitious program. Considerable assistance will be required to provide the High Office with the resources, technical expertise, training and political support necessary to ensure that the High Office has the capacity to deliver on its mandate. USAID assistance should be considered in six critical areas:

1. **Staff Support**. Currently, USAID via its implementing partner The Asia Foundation (TAF) is funding the initial tranche of salaries for five program Office Directors (Complaints and Information Gathering, Case Tracking and Review, Asset Registration, Media and Public Outreach, Oversight). A tentative assessment by TAF suggests that USAID funding for up to twelve keep positions would prove invaluable in standing up critical functions of the High Office. Any initial salary support would have to be contingent on an agreed strategy to eventually transition staff to the *tashkeel* (civil service personnel list) and GIRoA budget.

2. **Staff Development**. A substantial program of staff development is needed to manage and implement the High Office workplan. Training needs to be supplemented with on-site coaching and targeted exposure visits to countries with successful oversight offices. Exposure visits can help staff envision a better future and understand what is required to achieve that vision.

3. **Anti-Corruption Technical Assistance**. Short and medium term technical assistance on anti-corruption activities will be needed to complement staff training. For instance, the development of a conflict of interest policy and corresponding materials to include in staff contracts and procurement bids, is a onetime need for specific expertise that can best be provided via technical assistance.

4. **Development of Anti-Corruption Strategies for Ministries & Agencies**. High Office staff will assist and review the development of anti-corruption strategies in the 45 ministries and agencies of the central government. This key first phase activity will require considerable assistance to coordinate with the various ongoing capacity development activities/programs. For instance, CDP could second an advisor to HOO to ensure that each ministry's anti-corruption strategy is in compliance with the priorities, schedules, and standards of core financial management capacity development for which the CDP is responsible via MOF.

   As part of assistance to develop anti-corruption strategies for ministries and agencies, the High Office should develop an in-house capacity to conduct collaborative assessments of vulnerabilities to corruption. To date, such assessments have been carried out by donors but more will be required for all 45 ministries and agencies and their various operations are to be assessed properly. Building in-house capacity via USAID technical assistance to HOO could be integrated with ongoing USAID assistance to build capacities in key ministries to attain host country certification status (discussed later in this report).

5. **Civic Education**. Development and dissemination of an anti-corruption civic education campaign will not come for free, substantial resources will be required. USAID assistance is recommended.

6. **Monitoring and Evaluation**. UNDP/ACT on behalf of the High Office is currently assessing the merits and feasibility of various approaches and tools to

monitor implementation of the national anti-corruption strategy. As noted earlier, it is crucial to develop survey prototypes for the general public, civil servants, and elected/appointed officials, related to key areas of transparency and accountability that are easy to implement, interface with other surveys (TAF "Survey of the Afghan People", UNDP "Go4Gold", IWA "Afghan Perceptions of Corruption", etc.) and provide sufficient data to assess problems and progress. UNDP/ACT's "Hawken and Munck" proposal represents a comprehensive approach, but concerns have been raised as to its feasibility and appropriateness in the Afghan context, further thought is required. USAID support for the TAF survey will in any case complement and provide context to more specific anti-corruption surveys and should be continued. An issue has been raised about the objectivity and independence of monitoring efforts. It has been proposed that local universities, research centers and/or NGOs be contracted independently (by donors) to manage surveys that assess citizen perceptions/expectations/concerns.

Assistance to the High Office should be provided as a substantial stand-alone component within the follow-up program to the current TAF administered Office of the President (OoP) support project, which provides a variety of core governance assistance to the various OoP sub-offices, including the initial phase of support to the High Office. It would be a simple process to extend various OoP trainings in financial and human resource management, IT services, monitoring and evaluation, etc., to include High Office staff.

Conditionality on USAID Assistance to the High Office

Assistance to stand-up the High Office should be contingent on an agreement between the High Office and USAID on conditions and performance benchmarks to ensure that the High Office does not share the fate of its predecessor organization which was dissolved for incompetency and corruption.

Conditions. Potential preconditions for USAID assistance include:

- **Asset registration** of High Office officials and managers should be a base requirement for USAID assistance. The High Office must demonstrate leadership early in its operations on standards of integrity. It can do so by ensuring that its own personnel comply with the asset registration policy.

- **Internal management systems** are crucial to establishing High Office credentials as a credible and incorruptible agency. USAID should review such systems to ensure that there is an appropriate commitment by the High Office to the highest standards of integrity.

- **Public commission meetings** to allow for an open discussion of the successes and failures in implementing the national anti-corruption strategy are critical. The current closed policy must change.

- **Staff vetting** should be required using state-of-the-art techniques to ensure that the High Office starts life with an untainted staff.

Benchmarks**.** Following are illustrative examples of specific achievements that would trigger the release of contingent funding tranches with timelines/specifics to be determined:

- Asset registration policy and system operationalized

- Complaints intake service operationalized

- Case tracking system operationalized

- Civic education program developed

- Ministries anti-corruption strategies adopted

Next Steps in Assisting the High Office

Assistance to the High Office must be carefully planned to minimize false steps and to ensure that the High Office uses resources wisely to build momentum and gain recognition of early, albeit small, successes. Implicit in the discussion above on conditionality and benchmarks is the need to design an assistance program that is phased and focused on achievement. Sequencing and level of effort matched to realistic expectations is critical. Following are recommendations in relative priority and timing to strategically guide programming assistance for the High Office.

1. An initial round of staff development and support is a high priority. There are few anti-corruption experts in Afghanistan. In hiring the five program directors, the Asia Foundation (TAF) has used a professional and thorough approach to vet potential candidates, resulting in a small pool of capable and trustworthy recruits, none of whom, however, have specific anti-corruption experience. If the High Office is to activate its first year action plan (designed in collaboration with UNDP/ACT and referenced in Annex C), program staff will require orientation and coaching. The five program directors funded by USAID are seen as representative of USAID interests in fighting corruption. USAID support to provide them with the skill sets they need to succeed is strongly recommended as part of a first phase of High Office assistance.

2. The High Office recognizes the need to energize the public in the fight against corruption, and thus its first initiative was a modest civic education campaign. To build on this early success, continued funding and technical assistance is recommended. It is critical to sustain efforts to engaged and inform citizens.

3. A quick, easy and inexpensive activity to support the High Office would be to modify the current TAF "Survey of Afghan People" to include more specific and comprehensive corruption information. The development of baseline data is an early and critical need if future progress is to be measured.

4. As noted above and discussed in more detail later in this report under "conditionality", the development and application of an asset registration system is a first strike weapon in the battle on corruption. Modest USAID technical assistance should be a priority.

A second round of USAID support could focus on:

1. Assistance to streamline GIRoA service delivery processes that directly touch Afghan citizens. The High Office has already begun working with the relevant ministries, initially targeting the issuance of drivers' licenses and passports in Kabul. Assistance is being provided by UNDP/ACT. If successful, roll-out to the provinces, and program expansion to address other processes that have become points of corruption (electrical hook-ups, issuance of ID cards, etc.) would require

substantial support from donors. Given the highly visible nature of this issue, USAID should join other donors in providing the required assistance.

2. The role of the High Office in corruption enforcement is small but critical. Complaints intake and case tracking systems will require an initial level of systems development, and long-term mentoring in its operations. Depending on USAID available resources, this activity should be a first round or early second round initiative.

3. In its role of overseeing the development of individual ministry/agency anti-corruption strategies, the High Office will necessarily have to develop its in-house capacities to understand the methodology and implement vulnerability to corruption assessments (VCAs). This capacity would have to be developed from scratch and sustained if the High Office is to be able to meaningfully carry out its oversight responsibilities.

USAID anti-corruption assistance to the High Office must necessarily be based on mutual interests and thus must be negotiated as part of the process of building a partnership. The recommendations above are offered to guide that process.

An Assistance Agenda to Help Prevent Corruption

The core of USAID's corruption prevention agenda will continue to be its ongoing portfolio of activities focused on transparency and accountability capacity development. Prevention starts in the day-to-day effort to build basic governance capacities to manage resources, hire and promote based on merit, effectively deliver public services, and reach out and engage citizens in planning their future.

USAID transparency and accountability technical assistance is delivered via generic initiatives (i.e., financial management training via the CDP on behalf of the Ministry of Finance for all ministries and agencies) and sector specific activities (i.e., banking reform assistance). These prevention efforts should continue, expand, link and/or refocus current transparency and accountability activities, and develop new initiatives where appropriate, through an anti-corruption lens for core public governance responsibilities as outlined below.

➢ *Financial Management*
➢ *Human Resources*
➢ *Program/Project Management, Monitoring and Evaluation*
➢ *Public Outreach &Information*
➢ *Sector Specific Assistance*
➢ *Sub-National Governance*

Financial Management

Improvements in public financial management in Afghanistan are at the forefront of GIRoA, USAID, and other donor efforts to reduce the risks of corruption in the collection, allocation and expenditure of government funds. Donor assistance has been substantial, but neither comprehensive nor complete. USAID assistance needs to be continued, further strengthened, and significantly extended to sub-national government.

Current USAID financial management assistance is provided largely through the Capacity Development Program (CDP) which works with the Ministry of Finance (MoF) to provide training, coaching, systems development, exposure visits and specific technical assistance (development of policies, frameworks, standards, etc.) in program budgeting, internal auditing, procurement and accounting. Building capacity in financial management provides GIRoA ministries with the basic administrative skills necessary to implement the Afghanistan National Development Strategy (ANDS) in a transparent and accountable manner.

The US Department of Treasury and USAID's Economic Governance and Private Sector Support (EGPSS) program have provided assistance for the implementation of fiscal reforms as called for in GIRoA agreements with the International Monetary Fund IMF), including the promulgation and enforcement of financial and administrative regulations, the strengthening of revenue collection operations, and the development of IMF program benchmarks. All of these initiatives touch directly on the uniform application of law, and thus are critical to a corruption prevention agenda.

Treasury also supports efforts to combat illicit financial activity in Afghanistan by providing technical assistance to the Central Bank to build capacity in Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT), supervision of the formal and informal financial sectors, and development of the capacity of financial intelligence analysts, financial crime investigators, and prosecutors to identify, investigate, prosecute, and seize assets from terrorist organizations, narcotics traffickers, and organized criminal groups.

GIRoA cooperation and collaboration via the Ministry of Finance and other key ministries and agencies has been vital. The establishment of a modern public financial management administration is well underway. Going forward, corruption prevention efforts related to financial management should focus on:

- Program Budgeting. The Ministry of Finance is leading GIRoA's move to embrace program budgeting. CDP is supporting the roll-out of this initiative via training-of-trainers within MoF, and training of program budget staff in targeted ministries and agencies under the authority of the MoF and in compliance with its priorities, schedules, and standards.

  The scope, levels and phasing of assistance is determined collaboratively based on a pre-intervention assessment and a consultation process with the ministries. The MOU that were negotiated between the MOF and USAID will continue to form the basis of CDP's technical assistance to the selected ministries.

  CDP should follow initial trainings with coaching/mentoring to reinforce skills learned in training. Additional attention should be focused on ANDS implementation to ensure that the preparation of program budgets is matched to the development of performance measures and indicators for program M&E. Such coordination is critically important in tracking progress and identifying potential points of corruption.

- Auditing. The move to program budgeting expands the nature of audit training required. Internal auditing, i.e., analyzing processes, procedures and activities

internal to an organization, is a function of individual ministries and agencies with guidance, but not formal oversight, provided by MoF and the Control and Audit Office (CAO). Internal auditing is a necessary but not sufficient component of the auditing capacity needed to deter fraud and corruption and safeguard GIRoA and donor assets. External auditing, i.e., performance/financial auditing, is the responsibility of the CAO which focuses on assessing financial reporting, compliance with laws and regulations, and in the context of ANDS implementation and other development funding, value-for-money, a critical activity in identifying corruption in government spending.

Currently, USAID provides a modest program of internal audit training and technical assistance via CDP which works in collaboration with MoF. A "Project Audit Manual" has been prepared and will be used for training purposes initially in two ministries targeted by MoF as the first phase of a mid-term roll out schedule to develop internal audit units in all ministries and agencies. Given the critical importance of internal auditing as a basic requirement of an accountable financial management, system assistance could and should be expanded to speed the implementation schedule, contingent on available funding.

CAO has received assistance in the past from the World Bank, ADB, and UNDP. but continues to suffer severe capacity limitations. Though the CAO has audit authority over 30 State entities, is not fully independent, it reports directly to the President. Interviews with the CAO have noted executive interference in setting audit schedules. This has been a factor in donors choosing not to provide the level of support needed to fully professionalize CAO operations. CAO has drafted a new audit law, which is under review by the Ministry of Justice calling for an independent supreme audit authority and responsibility for all performance/program auditing. MoF has opposed the concept of an independent audit authority. Should this issue be resolved and the legislation adopted, USAID should reconsidered assistance to CAO. CDP would be a possible vehicle of capacity development assistance building on its somewhat generic internal auditing program.

- Host Country Certification (HCC). USAID has identified a number of ministries and governmental agencies to consider for potential direct funding, and has already signed a program agreement with one, Ministry of Public Health. Others are currently being reviewed to certify their capabilities and systems in procurement, financial management, audit and program management. CDP is currently providing public administration training in the key areas that are generally related to USAID's host country certification reviews (with courses in audit, financial management/budgeting, and procurement, and with planned courses in accounting), but the assistance would need to be further targeted to meet weaknesses identified by the initial USAID assessment.

  To ensure that points of corruption are minimized in ministries/agencies that would be receiving direct USAID assistance funding, a vulnerability to corruption assessment (VCA) should be conducted that goes beyond the narrow focus of FAR certification. As noted under the discussion of support to the High Office, such assessments could be provided by HOO. Problems identified could be subsequently addressed via CDP for core public administration concerns (as part of CDP's Foundation Package), or if the problem is of a technical nature (false

certification of pharmaceuticals), assistance should be provided through the sector specific technical assistance program, i.e., assistance to ensure high standards of pharmaceutical certification would be provided in an expanded contract with the current health care implementing partner, in this case, Management Sciences for Health (MSH).

In addition, USAID should consider requiring that the highest officials of any ministry receiving direct funding declare their assets through the soon-to-be established High Office asset registration unit, and sign "Conflict of Interest" agreements. As well, USAID contracts with the ministries could/should require that any sub-contracting on the part of the ministries includes requirements permitting financial and/or performance audits of the sub-contractee at any time.

- Implement the New Procurement Law. CDP is providing mentoring and coaching support to the procurement staff of some targeted ministries and key agencies in a move to reinforce initial training provided under a World Bank project with the Ministry of Finance. In this manner, CDP is helping to ensure the correct application of a new law governing public sector procurement. A pilot activity is providing assistance to the Ministry of Finance and a line ministry to help improve expenditure management through better procurement planning protocols. An expanded and stepped-up schedule of procurement training for all ministries should be considered as part of the corruption prevention agenda. Social auditing, discussed later in this report, can help provide the public attention to these matters.

- Expenditure Management (Accounting). "*Qatia*" is the term for the GIRoA budget acquittal reporting mechanism. Ministries must keep certain financial information to be able to accurately report on appropriations, allocations and expenditures. Improvement in the management of accounting records is critical to *Qatia* requirements, which in turn, is critical to track expenditures and highlight discrepancies, imbalances, and/or points of possible corruption.

  CDP will work in selected ministries to assess record keeping capacities and provide advice and on-the-job training to be able to better manage the allocations and expenditure recording. This will result in the ministry being able to keep effective records for "*Qatia*" In addition, CDP proposes to assist the Treasury Department in preparing a reporting template for the electronic submission of AFMIS (Afghanistan Financial Management Information System, the basic financial accounting/reporting system) financial information.

  On an annual basis ministries are required to submit summaries of their accounting records to the MoF for reconciliation and audit by the CAO. The preparation and audit of *Qatia* would be greatly improved and considerable reporting time saved if ministries are able to electronically submit their *Qatia*. Doing so also removes a potential point of vulnerability to corruption.

  CDP proposes to coach selected ministries to use AFMIS to provide advice for forecasting and managing expenditures, and provide study tours to staff in key line ministries to observe successfully managed FMIS operations, perhaps to Kosovo.

Human Resources

In cooperation with target technical ministries across government, CDP is supporting the Independent Administrative Reform and Civil Service Commission (IARCSC), in its efforts to establish modern human resource management (HRM) structures, systems and related skills. HRM reform constitutes the initial step towards broader ministerial reforms under GIRoA's Public Administration Reform (PAR) program and includes the Priority Reform and Restructure (PRR) and "Pay and Grading" (P&G) initiatives to rationalize job descriptions and pay scales, a fundamental component of a corruption prevention agenda.

More specifically, CDP assists selected Ministries in designing, developing, and implementing HRM programs and strategies to address workforce issues identified in capacity assessments. HRM programs may include: recruiting, and selection strategies, workforce plans, performance management, compensation and rewards strategies, career development, and job design. PRR/P&G assistance is provided to support: (1) the establishment, updating and re-grading of position descriptions, with pay increases; (2) the review of qualifications of current incumbents; (3) and the merit recruitment/hiring/promotion of staff. Assistance has included HR training on PRR objectives and requirements; merit-based interviewing and hiring techniques; and HR policies for attendance, promotion, training and grievances.

CDP is also supporting the Commission's Advisory and Support Unit (ASU) to improve its overall coordination with participating ministries, and to develop structures and procedures to monitor and apply lessons learned. Finally, CDP is strengthening IARCSC's general administrative capacity and supporting the development and eventual roll-out of a new, government-wide employee database.

Similar HRM assistance is provided to the Office of the President via the Support for the Center of Government (SCoG) project implemented by The Asia Foundation.

On paper, IARCSC reform and CDP/SCoG assistance, addresses most major concerns regarding corruption in the hiring, firing and promotion of civil servants. Modest progress has been achieved in ministries where PAR, PRR and P&G programs have been implemented. Merit-based appointments of civil servants via public administration reform initiatives can help prevent the growth of corruption networks which operate across all levels of government,. As well, salary upgrades (estimated to have been approved for 40% of civil servants to date) remove the excuse for the tolerance too often shown corruption by low level underpaid civil servants. Additional progress will require stronger GIRoA commitment to reform which could be generated via ARTF conditionality as noted later in this report.

Stronger audit, investigation and prosecution capacities within GIRoA, are required to complement prevention strategies in order to more effectively combat corrupt HR practices.

Organizational Structures and Processes

New and improved structures, mechanisms, systems and processes are   required   to minimize points of corruption.

- **Restructuring**. New organizational structures, roles and responsibilities are required of most ministries. IARCSC has instituted a change management focus to organizational restructuring via its RIMU (Reform Implementation Management Unit) program, with mixed results. Organizational development assistance implemented in ministries committed to the prevention of corruption could reinforce the nascent change management culture with new structures, and to provide a plan to guide/mentor employees through the organizational change. Direct assistance from CDP to a ministry could prove effective if there is ministry ownership of the process.

- **Streamlining of Public Service Delivery Processes**. As noted earlier, the High Office of Oversight is proposing several 'quick hit' pilot initiatives in Kabul to streamline service delivery processes including driver's licenses, car registration and passports that directly impact citizens and which are highly corrupt. Assistance will be required to design new systems that are predictable, timely, transparent and customer friendly. Future USAID assistance will be invaluable in rolling out successful pilots across Afghanistan. Other enterprise-oriented improvements that can be implemented quickly and that can significantly improve services to the public while preventing corruption must be pursued, as for instance the EGPSS effort to streamline business registration via one-stop-shops and online e-governance technology.

- **Enhancing Information/Knowledge Management**. Information is influence, power and often a source of corruption. Significant assistance has been provided and/or offered to GIRoA by CDP (HRMIS), SCoG, (OoP documents handling), LTERA (land registration) and other donor projects to develop new management information systems that can substantially reduce opportunities for corruption.

Program/Project Management, Monitoring and Evaluation

The Afghanistan National Development Strategy (ANDS) is the whole of GIRoA and donor development funding. As such, its implementation must be fully accountable. Under the current ANDS implementation structure, facilitation, technical coordination, and monitoring and evaluation (M&E) functions are delegated to the Ministry of Economy, while coordination of aid funding and financial management tasks are assigned to the Ministry of Finance. A Secretariat is being formed to oversee all activities related to ANDS implementation. Strong input from the Office of the President (OoP) may be required to ensure these activities are focused and well managed. Program/project design and management are the responsibility of the various implementing Ministries.

A key issue is how to identify points of vulnerability to corruption in implementation and target counter measures accordingly. To address these concerns, CDP assistance should be targeted to develop management and M&E capacities in key ministries.

Public Outreach &Information

Assistance in support of Public Outreach and Information should be designed to strengthen participatory governance, develop social auditing capacities, and enhance GIRoA's abilities to communicate more effectively.

Participatory Governance. Effective, transparent public decision-making is dependent on public participation. This is a particular concern for sub-national government which more directly and closely serves citizens. If people have an opportunity to participate in shaping their future, they are apt to make it work. People support what they help to create. The process of seeking input and opening decision-making to public review is critical in any corruption prevention agenda. Most USAID assistance programs have participatory governance requirements, though as discussed earlier, such requirements are difficult to apply in areas where the primary objective is community stabilization. As well, participatory governance is not always well understood or implemented in a meaningful way by GIRoA. Conditionality approaches as noted prior can be employed to further build participatory governance capacities. Several additional strategies can institutionalize public participation such to advance a transparency and accountability objective:

- Public Information Centers – information required for open public debate of issues can be provided via public information centers, either virtual online e-governance websites, and/or local facilities in provincial centers across the country. The Independent Directorate of Local Government (IDLG) has proposed centers in their current five year workplan. USAID support via the governance component of LGCD (soon to migrate to CDP) and the upcoming municipal governance project would be appropriate.

- Public Hearings requirements – All public resource management decisions should see the light of day. Technical assistance to draft new legislation and/or new mechanisms, focused on "sunshine" provisions could be provided by either/both Rule of Law II or Legislative Strengthening II.

Social Auditing. The next step on the road to strengthened GIRoA accountability is the development of a civil society capacity to monitor government decisions, operations and anti-corruption efforts – social auditing. Making use of more open sources of public information as described above, and with donor assistance to train and deploy NGOs and other civil society organizations including professional associations and business networks, social auditing is a required capacity in the effort to focus political and external pressure on GIRoA to effectively implement the national anti-corruption strategy. USAID assistance to develop this capacity could be provided via I-PACS, BIMA or the proposed CDP "NGO Support Fund".

Strategic Communications. An area of growing importance to Afghan ministries/agencies is how to develop and disseminate messages relating to ongoing development and progress towards reconstruction and democratization. It is generally recognized that the interests of the media and the general public awareness of development progress demand increased attention to communication. As well, there is a growing understanding that communication is a specialized discipline that requires specialized support to be incorporated in training for key ministry officials.

USAID/USG assistance has been provided to stand-up the Afghanistan Government Media Center (AGMC) in the Office of the Presidential Spokesperson (OPS). The long-term plan is for AGMC to serve as the point of strategic communications capacity development for all ministries. Implementation of such an initiative is dependent upon the availability of donor support. Additional strategic communications technical assistance is proposed within CDP and would be targeted on filling the information vacuum, and strengthening information and communication outreach strategies of key ministries.

Sector Specific Assistance

USAID's "generic" assistance as described above needs to be complemented with anti-corruption technical assistance specific to individual sectors. Following are illustrative examples of such assistance. More detailed assessments of sector specific corruption issues are beyond the scope of this assignment. However, a methodology to conduct comprehensive assessments is presented in the World Bank's series of "Vulnerability to Corruption Assessments, referenced in Annex A.

Health Care. USAID's Office of Social Sector Development (OSSD) has been providing activity specific financial management and procurement capacity development for the Ministry of Public Health (MoPH) for the past several years via a cooperative agreement with Management Sciences for Health (MSH). While the program has not directly focused on corruption issues, all work to improve financial management and procurement capacity is in fact critical anti-corruption activity, particularly in a ministry where most services are procured (MoPH contracts almost all of its health care services delivery directly to local NGOs and/or private sector providers).

MoPH has expressed an interest in strengthening the transparency and accountability of its operations in order to minimize corruption. Initial areas of concern outlined by OSSD include: conflict of interest in procurements and awards; nepotism and bribery paid for staff postings; bias in performance reporting; and false certification of procured products i.e., pharmaceuticals, laboratory equipment, etc. OSSD's health care team would like to see a more rigorous vulnerability to corruption assessment (VCA) of MoPH. Given that MoPH has been certified for Host Country Contracting and in 2008 started to directly receive and mange USAID assistance funding, a more thorough VCA should be a priority. One option would be to have a VCA conducted by the Health Office when OSSD workload constraints permit.

As MoPH has received host country certification, MoPH qualifies for capacity development via CDP. CDP could assist the MoPH to develop stronger human resources management systems and protocols to address the nepotism/bribery-for-postings concerns, and introduce higher standards of procurement oversight and management to minimize conflict of interest in procurements. Corruption concerns of a more specific technical nature such as false certification of medications should be addressed via an expanded scope of work with the current or future health care implementing partner. USAID would have to consider a viable funding source to expand an existing implementing mechanism, one option could be the Mission's cross-cutting theme fund. Future contracts should be designed with anti-corruption assistance as an integral component of all capacity development.

Education. As the Ministry of Education (MoED) proceeds with pay-and-grade reforms, issues regarding 'ghost" employees, work disincentives (inadequate salaries driving teachers to focus more on private tutoring versus attendance and quality of teaching during normal hours), bribes for grades, teacher competency/performance evaluation, and payment of salaries are starting to be addressed. The MoED's Human Resource management systems are weak and thus the processes to recruit, hire and promote teachers and MoED managers are highly susceptible to corruption. MoED procurements for school construction, equipment and textbooks are a significant concern. University

admissions and the issuance of university diplomas are also serious points of corruption within the higher education system overseen by the Ministry of Higher Education (MoHE)..

In part, these problems stem from the vast expansion of public education in Afghanistan that has occurred since the overthrow of the Taliban. Now 6 million children attend public schools, up from 900,000 attendees under the Taliban. Management capacities have simply not been able to keep up with this level of growth. An obvious first point of attack on corruption is significant capacity development of MoED and MoHE education managers. It has been suggested that CDP could provide some level of such capacity development. The OSSD BESST (Basic Education Support Systems for Teachers) project is working with MoED to strengthen the capacity of the MoED HR Department including to develop a teacher registration database and merit-based recruitment practices. A larger scale HRM assistance package is required in the long term, and a combination of OSSD/BESST and CDP assistance would be appropriate. Procurement capacity development is critically needed and envisioned via CDP.

The issue of f teacher salaries relates to the fact that payments have until recently been made in cash distributed from MoED to provincial offices to district offices to the individual school to the teacher, with cash siphoned off at each step. MoED has initiated the implementation of an electronic bank transfer system for salaries and a portion of MoED Kabul based staff are already getting their salaries in this manner. The implementation of this system at the school level outside of major cities will take time. USAID's EGPSS program is also working with the Central Bank of Afghanistan to develop direct deposit systems, initially for the military and police, but with the intent to roll out the program to civil servants when/if resources are available to do so.

CDP has been working with the Ministry of Higher Education (MoHE) to address corruption in the university entrance examinations process. A system successfully used in India for many years is currently being implemented for Afghanistan and initial indications are very positive. Sustaining the system will require a modest level of USAID assistance until the system is fully integrated within MoHE. The e-Global Education Alliance program has also worked with MoHE and the various Afghan public universities to ensure that for the first time in 30 years diplomas are printed on forgery proof paper.

Finally, a corruption prevention agenda for the health and education sectors must include the development of complaints intake and internal audit capacities to more systematically identify instances and areas of corruption.

Infrastructure. There are significant issues with the registration of, and procurement with, local contractors via local government, whose officials often require bribes, kickbacks, "transportation fees", hiring of relatives/friends, and buying of protection through connected local security companies. USAID encourages its contractors and their subcontractors to report and/or confront the officials directly, often this solves the problem. However, the Special Inspector General for Afghanistan Reconstruction (SIGAR) is sufficiently concerned such that they will step up investigations of allegations of corruption.

Electrical distribution systems/processes are fraught with corruption. Extra fees are charged for hook-ups, bribes are paid to meter readers, bypassing meters is common,

revenues returned to the central Ministry of Energy and Water are almost always "short". USAID's Office of Infrastructure, Energy and Engineering is providing assistance in Kabul to stand-up the electrical distribution system as a commercial enterprise. Part of the project would include new metering, billing and collections technologies that could help to minimize corruption. If successful, the program could/should be roll out across the country. Considerable technical assistance resources would be required to do so.

Private Sector Support. USAID's Office of Economic Growth (OEG) through its EGPSS (Economic Governance and Private Sector Support) program has addressed a variety of points of corruption in its assistance to GIRoA.

Implementation of a new Customs Code, streamlined processes and improved training and information management systems have significantly strengthened customs revenue collections, which totaled $387 million in 2008 up from $76 million in 2004. External pressure, via IMF conditionality, and stepped-up audits and corruption enforcement are required to fully realize customs revenue collections. The Customs Department has prepared a five year plan which addresses specific transparency concerns. Future OEG assistance would be appropriate for plan implementation.

EGPSS has worked with the Ministry of Commerce and Industry to launch a Central Business Registry which simplifies and consolidates the process and fee structure of business registration. A second phase requiring future OEG assistance would focus on an e-governance option for registration, and consolidate various other business licenses/permits/certifications into a One-Stop-Shop service.

OEG/EGPSS assistance to establish the Afghanistan Telecom Regulatory Authority (ATRA) led to transparent licensing in the telecom sector, and is a model of regulatory accountability and the tendering of public franchises for public services.

EGPSS assistance to the Central Bank has led the way in banking reform through advisory support on compliance policies and service delivery including direct deposit of the salaries of military and civil servants. Full roll out of the direct deposit system will require additional assistance.

OEG's Land Titling and Economic Restructuring Activity (LTERA) program has worked to improve and make transparent the land administration system in Afghanistan which is perceived to be highly vulnerable to corruption. Assistance has focused on property adjudication and registration, mapping and land surveying, and formalization of informal property rights. LTERA has implemented a modern digitized land records capacity covering 21 provinces and over 6 million records. Full roll out of the systems will require sustained technical assistance.

Sub-National Governance (SNG)

The corruption prevention agenda must extend to SNG at all levels – provincial, municipal, and district. Most of the activities and corresponding assistance described above are fully applicable to, and critically needed in, SNG. Assistance would be delivered via two approaches. Activities to prevent corruption in "line" ministries that work at SNG levels (i.e., Ministry of Public Works, Ministry of Education, etc.) would be targeted and provided through the respective provincial branch office of the ministry as

per ministerial priorities, schedules, and standards. For core public administration functions of SNG directed by the IDLG, anti-corruption efforts and assistance would be determined and delivered in collaboration with IDLG.

Specific attention should be provided in current and upcoming USAID assistance programs to IDLG to address:

Public Information/Participation/Engagement. As noted earlier, a primary objective of any anti-corruption program must be building the capacity of citizens to participate in the design of their futures. Currently there is no formalized or institutionalized method by which sub-national entities communicate with their citizens, prevent corruption or streamline services. Bribery and unclear procedures create significant hardships for citizens, both in terms of lost time and finances. Citizens often don't know where to go for basic services such as water and trash collection, registration of births/deaths, payment of taxes and land titling. These issues must be resolved for citizens to play a more active role in the decision making process.

The application of program budgeting, updating of master plans and subsequent infrastructure investment plans are excellent ways for citizens to participate in public hearings and planning processes. Further efforts to increase community participation should also be encouraged with the regular holding of forums for youth, women, minority groups and civil society organizations. Support must be provided to the SNG entities as well as to civil society groups to hold regular town hall meetings/forums, to publish informational material and find other mediums to share information. Creation of one-stop shops and/or other similar mechanisms can also make the process more transparent, quicker and less susceptible to corruption.

Increasing public participation should be introduced, wherever and whenever possible, in all aspects of the reform agenda. Residents and stakeholders should come to understand that they have a say in how the community is being managed and served by government. In turn, municipal officials and service managers must feel more accountable to their constituents. All aspects of public participation must be institutionalized by developing appropriate structures, policies and laws, including a media campaign and public outreach program.

Anti corruption assistance at the sub-national level must also address critical SNG capacities, particularly fair and open procurement procedures and merit-based appointments of staff.

Next Steps in the Prevention Agenda

Almost all of the corruption prevention initiatives outlined above are part of ongoing or upcoming USAID programs that focus on building transparency and accountability capacities. The prioritization of new or refocused, and more specific anti-corruption activities, must be necessarily negotiated with GIRoA partners in the various ministries, agencies and sub-national levels of government. An appropriate model is the soon-to-be implemented CDP rapid assessment and Capacity Development Implementation Plan (CDIP) approach whereby CDP works collaboratively with its partners to assess specific needs, then negotiates and signs a CDIP, essentially a MOU on how to proceed.

An Education Agenda to Combat Corruption

USAID already has substantial assets at work in education on governance. This provides a base for the Mission to specifically target anti-corruption. USAID can craft additional ways to use Afghan organizations to educate people about the costs of corruption – and more importantly – what can, and is, being done to reduce corruption.

The five efforts outlined below, managed through or by extending existing projects, can support direct anti-corruption work of the HOO, increase the capacity of the Office of the President's Media Center in the GIRoA to communicate with the Afghan people, encourage independent and state media anti-corruption coverage, and work with civil society to strengthen their critical roles in both holding citizens and government responsible for their actions. Finally, with elections on the immediate, mid-term, and long-term agenda, the Independent Electoral Commission should play a larger role in combating corruption in their critical area of responsibility.

- ➢ *High Office of Oversight Education Efforts*
- ➢ *OoP Media Center Communications*
- ➢ *Anti-Corruption Media Campaigns*
- ➢ *Civil Society Anti-Corruption Efforts*
- ➢ *Transparency and Accountability in Elections*

High Office of Oversight Education Efforts

USAID should support the plans of HOO to educate the public through an anti-corruption campaign. This effort might have both targeted and general aspects. First, USAID can support HOO's initial AC public service announcements that ran in December on RTA. This effort could be complemented by another targeted public outreach on driver's licenses/auto registration in Kabul, where the HOO notes that they have already been able to make progress through their work with the Traffic Department. Second, the HOO recognizes that to help the government make progress in combating corruption, their efforts need to incorporate civic action.

In addition, the HOO sees that they must communicate to the people of Afghanistan the efforts that have been and are being made against corruption, as well as the successes achieved to date. The first goal is to combat the pervasive cynicism among the population that corruption is everywhere in government, and that there is no prospect for change. Public campaigns of the HOO should address the costs of corruption to civil servants and society and more importantly what the government has done, and is doing, to reduce corruption. HOO will need greater activism by citizens and from civil society to create a linked approach against corruption, combining their work within government with civic action. Public activism will be critical for asset declaration monitoring and the public complaints function of HOO. Changes and successes, should be built on and used to enlist citizens to do more themselves to combat corruption. USAID's existing SCoG program through TAF can provide the funding and management to support this work.

OoP Media Center Communications

While HOO targets anti-corruption programs, USAID should extend its support the OoP Media Center, so that they can assist the GIRoA with whole of government messaging, press relations, and strategic communications. The government has not done a good job explaining to the Afghan people their efforts across the board. This is one of the reasons for deteriorating confidence in government. This communications effort should strive to explain to the Afghan people the work of the government as a whole and for individual departments and ministries. The Afghan people know little of what has been accomplished by their government, and can be reminded of how far the country has come since 2001. This communications effort would be to demonstrate how much GIRoA institutions have accomplished. To avoid perceptions of USG support for an expected Karzai reelection bid, this effort should not be begun until the 2009 presidential election has been decided. As above, TAF's SCoG program can serve as the mechanism and management to help the Media Center strengthen its processes within the OoP and then build and train press units across the government.

Anti-Corruption Media Campaigns

In addition to supporting HOO outreach to the public and OoP media relations, USAID should boost the anti-corruption content in the media directly. USAID, using the Building Independent Media in Afghanistan (BIMA) program, managed by PACT Internews (currently set to conclude in July 2009) and any follow-on activity, should encourage the development of anti-corruption radio and TV programming. Consistent with the Internews program's mission to promote media advocacy campaigns and produce and distribute news and information, USAID could provide funding for a grants competition to Afghan media organizations on anti-corruption. The competition would be open to stations from their network of thirty-six community-based radio stations, it's news production branch *Salam Watandar*, as well as state, commercial, and independent stations across the country.

While the media remains underdeveloped, journalists, producers, managers, and owners have good ideas about how to use the media under current conditions. For example, a standard idea is to host live-call in shows on themes with appropriate hosts. In Mazar e Sharif, one independent station (Radio Nehad) does some 40 percent of programming on information through this mechanism, including call shows hosted by women, youth, and the disabled. This content competition would help inform people across Afghanistan that there is progress in building more transparent and accountable state institutions, and their own responsibilities towards these ends. The competition would in addition help with sustainability for Internews network and independent stations. The effort should be segmented, with one (or more) contests for television, focusing on corruption issues for urban populations, and a separate competitions for radio, the way to reach the rural district populations that are the home to the overwhelming majority of Afghans. These are the most critical audiences, as the ones the most vulnerable to corruption and the least knowledgeable about combating corruption. A condition for funding should include taping and sharing all anti-corruption content by making it public information; a modest promotion budget could encourage other stations to run these taped free programs. USAID could fund and manage this media work through PACT Internews or any follow-on activity.

Civil Society Anti-Corruption Efforts

Addressing weaknesses in Afghan civil society are critical for AC – both at local levels and nationally. First, USAID should extend and expand the work of two Afghan non-government organizations to train village elders and network them within their communities and with their neighbors to resist corruption. Two organizations, the Welfare Association for the Development of Afghanistan (WADAN) and Cooperation for Peace and Unity (CPAU), have what appear to be promising methodologies for identifying, training, and supporting legitimate religious (*mullahs*) and traditional local leaders (*maliks*). Strengthening the ethical fabric of society helps address corruption. Training using local traditions of democracy and religious teaching drawn from the teachings of the Quran would help develop ethical conduct. Also, anti-corruption education should be introduced in courses in the secondary schools and through dissemination of materials and reports to change the attitude of young people towards corruption in the country. Initiating dialogues between academic institutions, civic organizations, and state authorities can also support the fight against corrupt practices. Subgrants to these two organizations would help expand their existing governance training to anti-corruption, which would help *maliks* stand against corruption (perhaps with something as simple as 'just say no') with their communities. This local-level work is critical to expanding the reach of the central government and the effectiveness of SNG in the small face-to-face communities where most Afghans live.

Second, civil society needs champions to drive anti-corruption and good governance work in Kabul and across the country. This is daunting work for any organization, let alone non-governmental ones. Thus multiple efforts should be supported to consolidate the diffuse disgust across society about corruption into an organized effort to act against these practices. Integrity Watch Afghanistan already conducts solid research on Afghan's and corruption, and has begun district and municipal pilots on social monitoring of government and development projects. They also conduct effective public relations on their work to demonstrate this leadership. The Afghanistan Independent Human Rights Commission (AIHRC) or other organizations might also be able to develop into champions with limited donor support. Because national leadership is difficult, anti-corruption such a large challenge, and civil society so underdeveloped, USAID should fund more than one organization in this effort. Again, USAID should stimulate the creativity of civil society and promote Afghanization through a contest for support. USAID could fund and manage both parts of this civil society work through the Initiative to Promote Afghan Civil Society (I-PACS), Counterpart International's program to support the development of a strong and active civil society across the country, currently scheduled to continue through January 2010.

Transparency and Accountability in Elections

The IEC should play a larger role in combating corruption in electoral processes. The disgust people feel about corruption in government is towards politicians as well as civil servants. While the HOO targets civil servants for asset declarations, the IEC should develop and manage a process requiring asset declarations for candidates for elected offices. Elections of the President in 2009 may be too soon for this effort, but declarations should be required for future Parliamentary, gubernatorial, district head, and mayoral elections. IEC assistance can be funded and managed by extending and expanding USAID's current support.

Next Steps in the Prevention Agenda

The recommendations to develop a modest grants initiative to support media engagement on anti-corruption issues, and to implement a *Malik* anti-corruption orientation represent relatively inexpensive and readymade (via BIMA and I-PACS) activities that should be considered for funding in the near future. Additionally, the recommended pilot program discussed later in the report includes a number of suggestions to begin to build the capacity of civil society and the media to advocate for political support on anti-corruption efforts.

Corruption Enforcement Agenda

Enforcement is critical – to cut into culture of impunity that allows corruption to flourish. Most of USG enforcement portfolio is outside of USAID, through the work of INL, Department of Justice (DOJ), and the FBI, plus CSTC-A and ISAF work with the ANP and ANA. But USAID does have enforcement assets to note and reinforce. USAID should support critical HOO roles in enforcement –in complaints intake and tracking, accountability for asset declarations, as well as monitoring anti-corruption investigations in the AGO and courts. Plus continued USAID support for the courts remains necessary for them to perform critical roles in the delivery of justice, including for corruption.

- ➤ *High Office of Oversight Enforcement Support*
- ➤ *Strengthen the Prosecution Push from the USG*
- ➤ *Continued Assistance to the Courts*

High Office of Oversight Enforcement Support

The HOO has at least three roles in the enforcement of anti-corruption measures. First, the High Office is to solicit, manage, and track complaints from the public about corruption. Second, the HOO needs to develop and manage a system to ensure civil servants and politicians are held accountable for their asset registration declarations. This will require that the HOO develop follow-up and accountability mechanisms. Third, the HOO must develop systems and processes for anti-corruption case tracking – from the CID to AGO, and then to the courts, as well as finally report-out to the President. HOO should be encouraged to also report out to the public in this and other critical areas. The new High Office is developing capacity and systems to deliver on all three of these critical enforcement functions, but needs support for personnel, processes, and in integration with the other enforcement agencies of the GIRoA. As in other areas, USAID can support the HOO through existing mechanisms with TAF.

Strengthen Prosecution

This assessment was not intended to cover all USG efforts, but USAID programs can complement enforcement programs of other USG agencies and be informed by their results. Prosecutions for corruption require action from the AGO; sustained, strong efforts may be necessary from the Embassy to push AGO leadership into action – as well as substantial assistance to train and equip the investigative prosecutors (*Sarenwali*). INL, through its Justice Sector Support Program (JSSP), is strengthening the capacity of the Attorney General's Office to monitor, investigate, prosecute and appeal cases of

corruption more efficiently, effectively and fairly. To this end, INL/JSSP, with support from DOJ and other donors/international organizations, is training and mentoring a focused Anti-Corruption Unit (ACU) within the AGO. This smaller core of specialized prosecutors and staff will investigate and bring to trial high-level cases of corruption. INL has refurbished and equipped a building on the AGO grounds specifically for the ACU.

Other USG agencies also contribute to the ACU effort. The FBI assists in unit vetting and training and the Department of the Treasury will provide assistance, expertise, and training in tracking financial transactions. DOJ has two Assistant US Attorneys that mentor and help to build cases for the Criminal Justice Narcotics Task Force, which has nationwide jurisdiction over major narcotics cases, including drug-related corruption cases. DOJ helps the CJTF prosecutors build and present those drug-related corruption cases. INL/JSSP and DOJ attorneys work with the international community's Criminal Law Working Group, which is currently working with the MOJ/*Taqwin* on amendments to the Criminal Procedure Code, including measures for streamlining the investigation and prosecution of corruption cases and criminalizing areas of anti-corruption law.

Continued Assistance to the Courts

Corruption in the courts is both a critical problem for society as a whole and an area that requires assistance and pressure to become a vital part of Afghanistan's integrity architecture. Some progress has been made. In recent months, and following the establishment of an internal Control and Investigations unit, 35 judges and 14 other court employees have been brought before the High Council on charges of corruption, all have been dismissed. Both INL and USAID help with the development of the judicial sector, with INL focused on criminal and USAID on civil areas and cases.

To help the sector, USAID has already provided critical training for judges, supported the development of systems for case management, tracking, and open information for courts, and worked to develop a code of ethics for judges – as well as built and refurbished courts across the country. Now, the ARoLP program and follow-on should work to develop a mechanism to hold judges accountable for their ethical obligations. Also, in conjunction with other donors and USG agencies, USAID should work with the SC on a system to provide security for judges.

As well, USAID's next Rule of Law project could provide technical assistance to the Control and Investigations unit to develop stronger systems and a possible code of sanctions for corruption and other unethical behaviors.

Finally, since most of what passes for justice in the country is provided at local levels by informal *juras/shuras*, the ARoLP program should investigate the operations and variation of this system across the country, and work with donors, the MOJ and SC to develop ways to integrate this system with the formal state justice system. Work in this area has been controversial, due to the systematic ways that traditional structures discriminate against women and the underprivileged, and the opposition of at least some in the formal justice sector to legitimating informal practices. But ignoring the frameworks that serve as courts and investigators for most of the population is not acceptable. Instead, working with stakeholders from both the formal and informal system should be able to work out relationships and mechanisms to systematize, regulate, and integrate the two – perhaps by trading off the registration of jura/shura decisions on civil

matters in the formal system with criminal cases sent to the formal system, plus the potential for the appeal of informal decisions to the regional appeals courts.

Managing the processes to better understand these informal systems and the diverse stakeholders required for agreement and integration will be a major undertaking, and require substantial resources and management via ARoLP. Developing this area should be linked to training and networking *maliks* via I-PACS. Finally, the Afghan system presents tremendous barriers to defense attorneys, who need continued support. The justice system dependent on the *sarenwali* and judges, who both have to determine that the balance of evidence merits prosecution and then guilt respectively. The few defense attorneys in the country are not required in the system, not known to most defendants, and can be excluded by prosecutors and judges. ARoLP should continue to work to support legal aid through defense attorneys for those accused of crimes, as well as on ways to build independent bar associations to strengthen their roles and raise their visibility.

Next Steps in the Prevention Agenda

USAID's involvement on the enforcement component will be necessarily modest given the primary players are DOJ and INL. However, continuing efforts to assist the implementation of the initiative to stand-up corruption trial divisions in the regional appeals courts should be a high priority for USAID assistance.

"Do No Harm" at USAID

In addition to the overall and targeted USAID's anti-corruption agenda developed above, the Mission should carefully assess all programs to ensure that they are not inadvertently contributing to corruption.

USAID should take a proactive approach to its actions; as part of leadership in assistance to the GIRoA on anti-corruption, the Mission should extend itself to explain to the government and population, especially via the media, how programs are managed and regulated to avoid corruption. This outreach should extend to Afghan views of corruption in assistance, to address issues about the cost effectiveness of USAID procedures. An anti-corruption "do no harm" lens for USAID has four areas, which are outlined below:

- ➢ *Local Salary Structure and Policy*
- ➢ *"Lost" Opportunities*
- ➢ *Cost Effectiveness*
- ➢ *Afghanization*

Local Salary Structure and Policy

Salaries are contentious issues across Afghanistan. Finding and retaining strong local staff is critical to program success. But an emphasis on high salaries to do so distorts local markets for their services, and increases the capacity challenges faced by Afghan NGOs, the media, business, and government. The relatively high rates paid by USAID make the GIRoA's PRR and PAR programs less effective in hiring and retaining the civil service and political leadership so badly needed across the country.

"Lost" Opportunities

The Mission needs to include in its review whether there are opportunities for additional anti-corruption impacts that are low hanging fruit to be gathered. Additional benefits from existing activities or by extending and expanding their activities may be readily available. Two opportunities are detailed below.

Afghanistan Social Outreach Program (ASOP). One current example of unmet potential is ASOP. Under current activity, salaries and stipends are paid to local leaders. Substantial effort is underway to identify, organize, and compensate these *maliks,* but little is being done to build their capacities. *Maliks* are not used for any particular purpose – or through the program trained and managed to better conduct these activities or meet targeted goals. Future programming requires capacity building for community councils covering key areas such as principles of good governance, community consultation, information and data collection, advocacy and negotiation, project and service monitoring and reporting, disaster preparedness and emergency management. As well, more should be done to work with *Maliks*. *Maliks* are potentially great leaders of local communities in transparency, accountability, and project monitoring – which will be critical in future community stabilization initiatives, community development projects, and local governance work. WADAN is already incorporated into the project, in order to manage the challenging logistics of salary payments in remote rural areas. It would thus not be challenging to add resources and functions to this program – and hold a series of stakeholder meetings, develop plans to use local leaders for monitoring and anti-corruption, and train them in these tasks.

Project Conditionality. Does the USG have the potential to use some areas of assistance as a lever to get GIRoA action in other areas, in particular anti-corruption? Conditionality poses difficult challenges for any USAID Mission, and these are compounded in Afghanistan by our national interests in strengthening security and counter-narcotics. But there may be relatively simple ways to tie assistance to government action. While in general, this would not condition assistance to support anti-corruption on progress in this area, INL at post recognizes that their support for AGO ACU rent is an instrument that could be withheld with relative ease.

This may be an area to test conditionality within a program and its own objectives. USAID should consider whether there are areas where our assistance is both particularly valued by the GIRoA and relatively easy to stop or suspend that might provide leverage as well. One area may be USAID support for the Afghan Reconstruction Trust Fund (ARTF). As a mechanism that provides funding to the GIRoA budget, resource flows are particularly sought by the government. While the USG wants the Afghan government to build on its own priorities through the regular budget, other critical goals such as lower corruption in government may be worth withholding some ARTF support. There is a proposal, in fact, on the table of the donors' working group to require a carrot/stick conditionality on ARTF funds. The requirement is that officials of the High Office, Supreme Court, Ministry of Finance and Ministry of Interior declare their assets through the new High Office asset registration unit. If they do so, certain ARTF components would be expanded, if not, ARTF funding would be reduced.

Cost Effectiveness

Afghan perceptions of rampant corruption include corruption in the donor community, due to the high costs, bureaucratic procedures, and layers of contracting and subcontracting in many projects. USAID should do additional work to explain to Afghans the laws and regulations that guide the delivery of USG assistance, and the management and checks on USAID programs. This effort should take a proactive approach to performance evaluation, explicitly considering the costs of programming and management, and connecting these costs to both outputs and broader outcomes.

Finally, USAID should have a limited public outreach, as well as a targeted campaign to political leaders and civil servants, to explain USAID assistance procedures and the results to date in Afghanistan. In addition, the broader USG effort to examine assistance should be used to explain our programs to Afghans. The new Special Inspector General for Afghan Reconstruction (SIGAR) unit is charged with investigating corruption in USG programs. This is of interest not only to the American people, via the U.S. Congress, but Afghans as well. SIGAR should also focus on explaining USG procedures, outputs, and outcomes to the Afghan people. This effort should also make public here any evidence of corruption in our assistance as an example that the IC does not permit impunity.

Afghanization

National ownership of reform is always a challenge. This is especially so in Afghanistan due to the low capacity of the government. Yet in seven years since the fall of the Taliban, the GIRoA has developed solid plans for national development through ANDS and a core of functioning institutions to implement these priorities. USAID assistance should thus increasingly work in partnership with the government on these priorities, and move to government ownership of these activities. It is critical to support this transition through capacity development across the government, the primary recommendation of this anti-corruption report. Capacity is valuable as a way to counter corruption, but even more so as a means to good governance and subsequent development outcomes. USAID should continue to provide training and sustained coaching to Afghan leaders to promote ownership. And USAID programs should increasingly be run through strengthened Afghan institutions. The Mission should continue to expand host country certification for GIRoA institutions and Afghan NGOs, as appropriate. This will most Afghanize assistance.

There is a right way and a wrong way to go about Afghanization. USAID may need to strengthen its program oversight to enable this transition. Pushing more responsibilities and more money through the government to meet artificial targets without conditionality (see prior section on host country certification) and Afghan-led oversight could fuel corruption. Afghanization has to be about Afghans accepting responsibility for their country, not just contracts and salaries. USAID needs to find ways to build participation, capacities, and citizen oversight into host country programs.

USAID Program Development, Expansion, Linkage

The table following, and program briefs following, serve as a cross index of recommended USAID assistance for the various agendas of the anti-corruption strategy.

Table 1: Selected USAID Programs and Recommended Areas of Assistance

	Prevention	Education	Enforcement	No Harm	Links
OoP/SCoG	√	√			√
CDP	√	√	√		√
ASOP		√		√	√
LGCD/MG	√	√	√	√	√
I-PACS		√			
BIMA		√			
EGPSS	√	√			√
LTERA	√				
Rule of Law	√	√	√		√
BESST	√	√	√	√	√

Office of the President/Support for the Center of Government (OoP/SCoG). The program administered by The Asia Foundation (TAF) is currently providing support for the High Office of Oversight (HOO) including: salaries for five program directors (Complaints and Information Gathering, Case Tracking and Review, Asset Registration, Media and Public Outreach, Oversight), modest resources for the initial civic education campaign; and, advisory assistance. The OoP assistance program (provided through the SCoG grant and a TAF cooperative agreement) has also supported core public administration capacity development throughout the Office of the President. Future anti-corruption assistance to the High Office should be provided via the follow-up OoP/SCoG program (the current program is set to expire this summer) in order to jointly and efficiently provide financial management, HRM, IT, strategic communications and other critical capacity development to the High Office and other OoP offices. Linkages via HOO in its role of assisting the development and implementation of anti-corruption strategies in key ministries and agencies will be required as capacity development needs are identified and targeted for assistance.

Capacity Development Program (CDP). CDP is the largest and most comprehensive of ODG's core public administration capacity building efforts. Continued assistance in financial and human resource management, to central ministries and agencies, and through IDLG to local government, will be primary vehicle for the delivery of the corruption prevention agenda, and would be supportive of education agenda activities as well. Training, coaching and technical assistance must be continued in program budgeting, procurement, and internal auditing. New initiatives in expenditure management will be critical. The potential for expanding into external auditing should be considered if issues surrounding the independence of the CAO are resolved. Assistance for ANDS implementation in the form of project design/management and monitoring and evaluation skills development are crucial. Strengthening the strategic communications capacities of ministries such to incorporate anti-corruption themes and progress reporting is suggested. If the NGO Support Fund is established as per the refocusing recommendations, it could/should target start-up civil society advocacy and social auditing initiatives.

Local Governance and Community Development (LGCD). The governance component is being migrated out of LGCD, thus LGCD will not have a major role in future assistance. However, future community development initiatives via the PRTs should consider stronger conditionality approaches as a corruption prevention requirement of project funding.

Municipal Governance (MG). The upcoming municipal governance support program will serve as a primary source of SNG core governance capacity development. Assistance for public administration capacity development and participatory governance should be included.

Initiative to Promote Afghan Civil Society (I-PACS). I-PACS can help to support the training of village elders and network them within their communities and with their neighbors to resist corruption. Direct assistance to NGOs interested in building their anti-corruption advocacy capacities will be a critical part of the education agenda.

Building Independent Media in Afghanistan (BIMA). BIMA should support a more proactive media approach to investigative reporting and anti-corruption themed civic education campaigns via commercial and independent media in both broadcast and print services.

Economic Governance and Private Sector Support (EGPSS). The follow-up to EGPSS (which comes to an end early this summer) should continue several of the anti-corruptions initiatives of the current program, including sustained support for customs reforms, an e-governance business registration service, a more comprehensive One-Stop-Shop for business registration/licenses/permits, and other regulatory reforms that help to ensure transparency and accountability of government services.

Land Titling and Economic Restructuring Activity (LTERA). OEG's LTERA assistance to reform land administration in Afghanistan has focused on digitizing land records capacity covering 21 provinces and over 6 million records. Full roll out of the systems will require sustained technical assistance.

Afghanistan Rule of Law Project (ARoLP). To help the sector, USAID has already provided critical training for judges, supported the development of systems for case management, tracking, and open information for courts, and worked to develop a code of ethics for judges – as well as built and refurbished courts across the country. Now, the ARoLP and the expected follow-on effort should work to develop a mechanism to hold judges accountable for their ethical obligations. Finally, since most of what passes for justice in the country is provided at local levels by informal juras/shuras, the ARoLP should investigate the operations and variation of this system across the country, and work with the MOJ and SC to develop ways to integrate this system with the formal state justice system.

Basic Education Support Systems for Teachers (BESST). BESST can best be utilized for technical assistance to: develop education management capacities; incorporate a stronger focus on ethics and leadership in its training programs; and develop more objective teacher evaluation methodology and oversight, capacities.

An Illustrative Pilot Program

To pilot a robust anti-corruption approach to USAID assistance, the team suggests a pilot initiative to support a good governance towards security and development in Wardak province. As a response to rising insecurity in Wardak, adjacent to Kabul, President Karzai appointed a promising former NGO director, Mohammad Halim Fidai, to lead the province in July 2008. Now in addition, the deployment in February 2009 of the 3rd Brigade Combat Team of the 10th Mountain Division to the province promises to boost U.S. military efforts and channel additional DOD and PRT resources to districts of the province. Fidai had noted and lamented the lower level of development resources available through the Turkish PRT when few U.S. troops were present.

Governor Fidai outlined the issues as seen by his constituents across the region, notably:

- ineffective GIRoA agency coordination
- a history of international community promises and failure to deliver
- unrealistic expectations of government by residents
- a lack of awareness of citizens' own responsibilities
- corruption (bribes nepotism and favoritism) in government
- a gap between government plans and delivery
- the lack of information on government and IC projects for citizens

Fidai determined that these were the key concerns through an initial listening tour with repeated meetings in all 9 districts and the one city in the province; as a start at a response, he had the IDLG remove half the district leaders for corruption. While not formally in his competence, this change was doable (unlike changing his "cabinet" – the provincial department chairs of line ministries in the province – a much more challenging proposition). The governor also began to argue systematically that citizens had to take responsibility for their own district, including for the provision of security.

Foundational development, strong local leadership, and marshalling and managing and USAID, USG, and GIRoA resources can address these seven issues. Wardak is a promising province to push this good governance approach, linking efforts on the supply side with government and the IC and on the demand side with citizens. The pilot effort should coordinate closely with the U.S. military in the province, to augment USAID resources with CERP funds. The coordinated effort on foundational development will:

- boost civil service salaries through the PRR
- implement GIRoA financial and management systems
- develop staff skill sets through training
- strengthen structures of government that connect institutions and staff
- support civil society advocacy, local media, and citizen engagement.

For these five connected efforts, the Governor should enlist IARCSC support for PRR across the province, which ought to incentivate and grow the civil service. USAID and the Governor should push the MOF and IARCSC, and assist them through CDP, to properly roll-out and use the full set of financial and program management systems for provincial and district level government operations, which should make management possible. USAID, via CDP should focus assessment and training on the provincial and

district civil servants, so they may use these management tools, better work together, and learn to work with a more active citizenry. The structures of government in the province (governor, provincial council, line ministries – especially the courts) also need bolstering

Finally, USAID should support a linked effort by either Counterpart or through ASOP to bring civil society training and skill building to local village leaders (*Maliks*) across the province. This effort should use two Afghan NGOs as providers, WADAN and CPAU, to facilitate learning between what appear to be similar methodologies of both organizations and make it more likely that best practices can be determined in this challenging area.
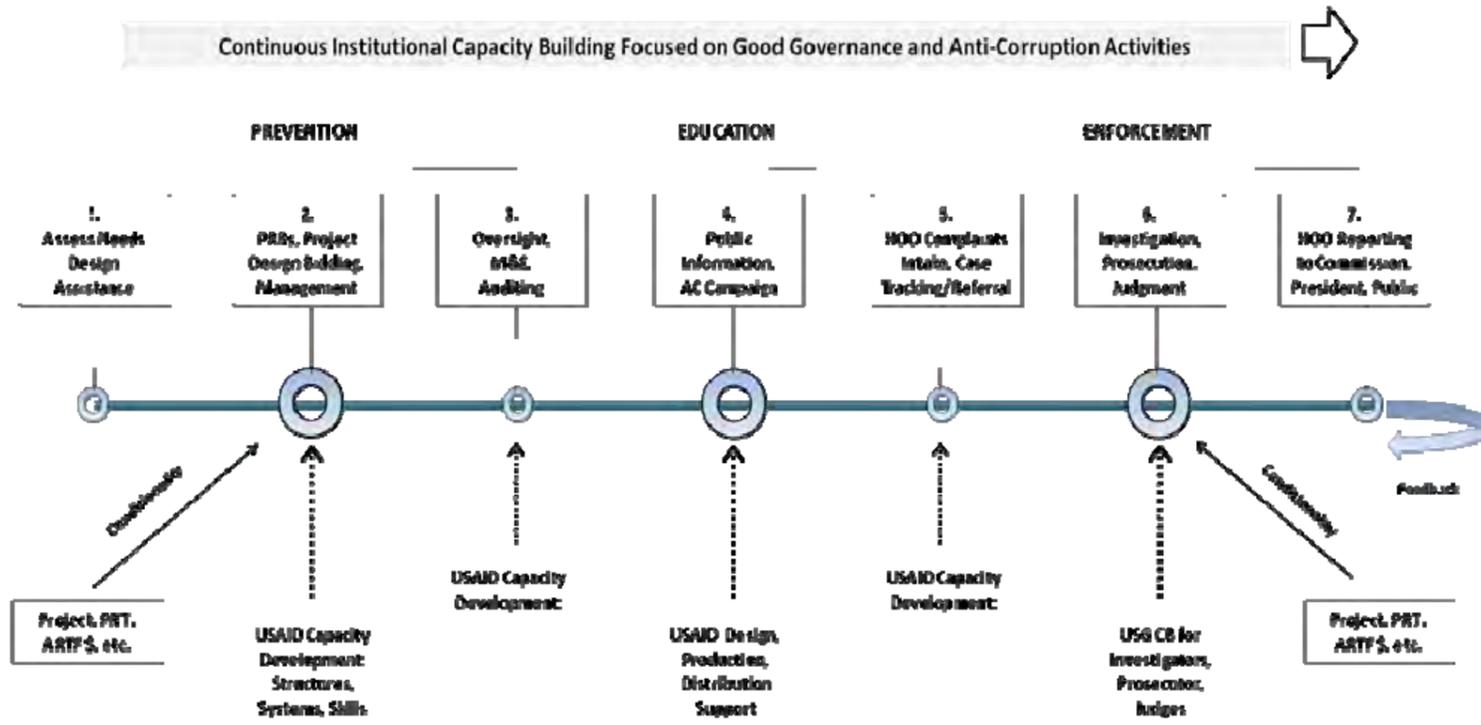
The payoffs should be developed through community stabilization activities through CERP funds and the LGCD program, local government activities funded by IDLG donors, and the new USAID municipal governance (albeit only for the provincial capital in this overwhelmingly rural province). The governance training and focus in these efforts builds both civil servant and citizen M&E. Multiple people and lines of reporting, makes it possible to cross-check and validate program performance.

Moving on this pilot now, in a challenging province like Wardak, builds a practice of working with local community leaders and government in the predominately Pashtun, insecure areas that are central to combating the Taliban insurgency.

This experience and practice, if successful, should be applicable to other provinces - and even more importantly - districts as these leaders are elected in 2011. The good governance approach has to get beyond the provincial centers to rural areas were some 80 percent of the population live. These rural areas are also the basis of the insurgency in the South and East. It is also these foundations and a fundamentally different way of interacting between traditional maliks, GIRoA institutions, and IC resources that may in the future address the critical international interests of counter-narcotics and terrorism – which can only be done locally.

The pilot should be developed and implemented by the anti-corruption manager (discussed below under management and coordination) working via ICMAG to integrate and influence military and civilian activities.

Action Prototype - Program Development

Continuous Institutional Capacity Building Focused on Good Governance and Anti-Corruption Activities

PREVENTION			EDUCATION		ENFORCEMENT	
1. Assess Needs Design Assistance	2. PRRs, Project Design Bidding, Management	3. Oversight, M&E, Auditing	4. Public Information, AC Campaign	5. HOO Complaints Intake, Case Tracking/Referral	6. Investigation, Prosecution, Judgment	7. HOO Reporting to Commission, President, Public

Project, PRT,
ARTF$, etc.

USAID Capacity
Development
Structures,
Systems, Skills

USAID Capacity
Development

USAID Design,
Production,
Distribution
Support

USAID Capacity
Development

USG CB for
Investigators,
Prosecutor,
Judges

Project, PRT,
ARTF$, etc.

Feedback

Anti-Corruption Management and Coordination

As the Mission and Embassy have recognized, corruption is both a cross-cutting issue for all programs and anti-corruption a general approach central to assistance and USG policy in Afghanistan. Like in other critical issue areas, such as the Rule of Law, the challenge of coordinating and reinforcing activities in USAID that cross office lines - and even more so interests and actions in inter-agency USG efforts - require substantial management. In the course of the assessment, the team was struck by the difficult nature of this challenge. Our sense is that the Mission and Embassy should think through several concrete ideas about the management and coordination of USG anti-corruption efforts.

AC Management & Coordination
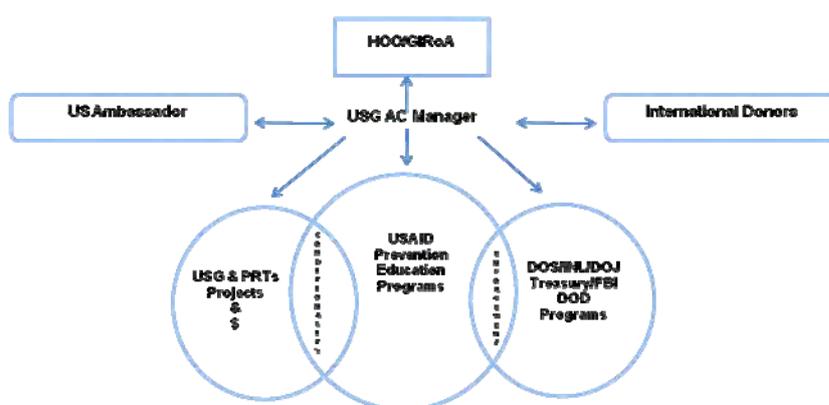
An Anti-Corruption "Manager"

The challenge of integrating USAID and USG approaches across the portfolio on anti-corruption is a full-time job. It is recommended that USG recruit a dedicated "manager" to oversee all anti-corruption activities. While interagency team discussions are critical, they are not enough to ensure programmatic coordination and integration; managerial control needs to accompany knowledge. A second element is the need to have a point person who can be the voice of USG across the Embassy to help direct and coordinate the flow of resources and technical assistance in anti-corruption, which as the report above notes, is substantial. Third, the assessment has sought to develop additional elements of conditionality in USG assistance; the manager should be the voice of conditionality, although this make take the authority of the Mission Director to impose these actions.

Some areas of anti-corruption are both most critical and the most challenging to manage; the diverse enforcement portfolio, both in agencies and actions, will be especially challenging to coordinate. Ways to synergize, reinforce, prioritize USG actions are needed to increase prospects for AC prosecutions. Another area where a single point of contact on AC would be an advantage is in donor coordination. The manager should work with other donors to increase funding and take advantage of opportunities for joint support. Donor coordination critical given lack of leadership by GIRoA on AC. This approach has the support of ACT and its donors at DFID, CIDA, and UNAMA.

It is understood that the manager would not have authority over USAID nor any other USG agency. It is intended that the position be one of influence, not control. The

manager might be most effective if working via ICMAG to implement the pilot discussed prior. That way s/he can help to better integrate and influence military and civilian activities.

A manager would also have practical assistance management responsibilities, in addition to the policy tasks above. For example, in work to direct programs and activities, the manager would work with sector offices on programs to unveil untapped anti-corruption potential, or to draw out and increase anti-corruption effects. For example, in work on business registration fees, an additional push to remind ministry stakeholders that we also seek to reduce the potential for corruption may help develop more transparent and accountable processes than without noting this policy goal. The manager would also be the interface with HOO in their effort to lead the AC efforts of the GIRoA, as well as with critical institutions like the MoF and MoI. As the face of the USG on AC, the manager can identify and help address areas of concern in Afghan government integration to tackle corruption. Finally, the manager would be tasked with developing and implementing the M&E effort required for anti-corruption. Both targeted and more cross-cutting tools, approaches, and indicators are needed to get AC results – and combat perceptions that the USG is not serious about corruption, either its own or that of the government. As the Mission and Embassy recognize, longer staffing rotations have dividends. The team believes a manager should stay a minimum of 2 years; continuity is critical to build the within-government approach to successfully make progress on corruption in Afghanistan.

Donor coordination

As asserted in the previous section, the anti-corruption manager should be in charge of donor coordination in AC. There are important synergies with other donor activities to clarify, to maximize the potential of these activities and ensure that the IC is not double-billed in areas of assistance. The first area for close coordination is support to HOO. UNDP/ACT also provides substantial support, and USAID shares their vision and approach towards assistance to the new office. This funding should be coordinated; while UNDP prefers basket funding through the project, it is unlikely that USAID managerial interests make this the best mechanism for funding. Nevertheless, clear coordination is critical to ensure that a complete HOO package is provided for its essential AC work. Second, the donor community shares substantial interests in general anti-corruption coordination. One central area of focus is on monitoring and implementing ANDS - when and if the implementing structure selected by the GIRoA is clear. To date the government remains weak in many areas of project scoping, design, and management, which are all areas for technical assistance as well as points of vulnerability to corruption. Third, in addition to within-USG conditionality on donations to the ARTF, the manager can support and encourage other donors to evaluate ways to use conditionality within the program. Fourth, other areas for the IC to develop conditionality ought to be developed. For example, the potential to develop ways to link and jointly condition work in SNG through the UNDP Afghanistan SGP and local government and community development assistance from the Provincial Reconstruction Teams (PRTs) needs to be explored.

Conclusion

The recent World Bank summary report of vulnerabilities to corruption perhaps best expresses the concluding view of the assessment team:

"The anti-corruption effort has to be a broad-based, multi-faceted, sustained medium-term effort. By itself, just trying to catch and punish corrupt officials will not work or be sustainable. A holistic approach is needed, which incorporates all main elements of anti-corruption strategy (prevention through systems and capacity improvements, law enforcement and administrative measures, consciousness raising, and external accountability).

Annex A: Summary of Relevant Documents and Materials

Thier, J. Alexander, ed. 2009. The Future of Afghanistan. Washington: United States Institute of Peace. http://www.usip.org/peaceops/afghanistan/foa.pdf

Afghanistan remains a traditional society, albeit one torn by 30 years of violent conflict, which has made social structures even more complex. The mountainous terrain and lack of development have left some 50 percent of the population still living in rural villages of three hundred persons or fewer – which lack connections to the outside world and are dominated by traditional codes of honor, privacy, and respect which still define social, political, and economic relations. The vast majority of Afghans live in face-to-face communities where most issues of "governance," from property disputes and water and natural-resource management to marriage and inheritance, are resolved through a variety of traditional means at the local level. An estimated 72 percent of the population is illiterate. Through tattered by years of war, the resilience of community based structures has allowed Afghans to survive conflict and anarchy. Even prior to the conflicts, the central government was unknown to most Afghans. Now despite 7 years of centralization efforts (especially rhetorical ones) by the new national government, the reach of the center is far from extensive. For Afghans in villages, their traditional institutions provided what few services they got prior to 1979, through the years of conflict, and still do today. But expectations may be growing among the population; some could and do argue that the central government has failed them.

These dominant local institutions of course have drawbacks. They rely on traditional practices that exclude women, provide disproportionate voice to the powerful, and fail to deal with larger issues across communities - such as terrorism, opium trafficking, and warlords or illegal armed groups. In the Afghan context however, they tend to be relatively egalitarian forums meant to achieve fair, consensus outcomes to maintain or reestablish community harmony – which they frequently seem to do. And these community-based governance practices are widely seen as more legitimate than the formal, centralized government institutions of the state – which in addition are often too distant.

Polling data demonstrates that Afghans continue to believe that insecurity is the most significant problem facing their country. Indeed, insecurity currently engulfs over half the country in an arc that covers much of western, southern, and eastern portions of the country that are predominately Pashtun. But there are some positive trends. For example, survey evidence demonstrates that popular perceptions of Afghan security forces are fairly positive. Afghans appear particularly supportive of the Afghan National Army (ANA), a bit less so the Afghan National Police (ANP), although perceptions of corruption in the ANP have also improved over the past several years. And Afghans across the country tend to view their local security in better terms.

Asia Foundation. December 2008. Afghanistan in 2008: A Survey of the Afghan People. San Francisco: The Asia Foundation. http://asiafoundation.org/publications/pdf/418

Asia Foundation, ed.. December 2008. State Building, Security, and Social Change in Afghanistan. San Francisco: The Asia Foundation. http://asiafoundation.org/publications/pdf/458

The annual Asia Foundation survey, and the accompanying analysis volume, capture both popular attitudes in early 2008 and compare their evolution over time. One of the most striking statistics of the 2008 survey relates to people's sense of the direction in which things are going in Afghanistan; attitudes have evolved over the years of the survey, with now for the first time only a minority (38%) believe that the country is going in the right direction, with 32 percent now believing that it is going in the wrong direction. The biggest problems faced by Afghanistan as a whole are identified as security (36%), economic issues including unemployment (31%), high prices (22%), the poor economy (17%), and then corruption (14%).

Of those who think that things are moving in the wrong direction, 19 percent mention corruption, 12 percent bad government, and 9 percent administrative corruption to explain why they hold this opinion, behind only the 50 percent that prioritize security as one of the top two reasons for their opinion. Only eight percent think that the national government is doing a "very good job" in fighting corruption, and 23 percent note a "somewhat good job". In only one other area surveyed was government performance seen as slightly worse: in creating employment. Thirty percent of those surveyed thought the government is doing a "somewhat bad job" and fully 36 percent a "very bad job" countering corruption. However, the data also reveal people's perceptions of corruption are greater among institutions that they do not come into contact with. Respondents were asked whether they think that corruption is a major problem, minor problem, or no problem at all at different levels of government and society. From a low of 48 percent suggesting corruption is a major problem in their neighborhood, the figures rise steadily to 53 percent for corruption among local authorities, 63 percent in provincial government, and 76 percent for Afghanistan as a whole.

The most important problems identified by respondents at the local level differ from those mentioned at the national level. The survey asked respondents about the two largest problems in their local area. As in previous years, development needs rather than security or governance issues dominate local priorities. The problem most often mentioned is access to electricity (30%), water (22%) and roads (18%). Basic infrastructure problems are more often noted as priorities in urban rather than in rural areas. Unemployment is identified as a major problem at the local level by a similar proportion to those who see this as a major national problem (28% compared to 31%); however, it is prioritized by rural respondents (30%) compared to urban ones (23%). Only 14 percent of respondents nationally mention insecurity as a major local problem; however, this was significantly different for residents in the South West (44%) and the South East (25%).

Afghans have low levels of interpersonal trust, which have likely been significantly influenced by the 30 years of armed conflict. Sixty percent of respondents say that you need to be very careful with people while only around a third (34%) think that most people can be trusted. There is not much variation across the country. Thirty five percent of rural residents say that most people can be trusted compared to 30 percent of urban residents. Levels of trust are highest in the North East, North West, and Central Hazarajat regions – but even there not much more than 40 percent of respondents say that most people can be trusted.

The survey finds that respondents assessed both traditional dispute resolution mechanisms and modern state justice system positively for their accessibility, fairness and trustworthiness, effectiveness in following local norms and values, and delivering justice.

Levels of satisfaction are higher for *shuras* and *jirgas* than for the court system across all domains, and this difference has grown since 2007. Views are mixed on the ability of the formal justice system to address crime by bringing the guilty to justice. The survey finds a slight preference for using state courts to resolve land disputes and divorce cases particularly among women. Informal justice mechanisms are frequently chosen to address local problems, report crime, or resolve disputes - particularly in rural areas. Recourse to informal justice mechanisms is highest in the East and South East whereas those in the North East and in Central Kabul prefer to use formal structures. The survey findings suggest that formal and informal justice mechanisms are seen a continuum of institutions to assist with addressing crimes and disputes.

Radio continues to be the most commonly used medium of communication in both rural and urban areas and the main source of information for national news. Access to most other media sources is much higher in urban than rural areas, with print media less common - largely used by men with higher levels of education. Around half of the respondents use meetings in the community or sermons at mosques for getting news and information. Men are much more likely to get information this way, indicating the continuing challenges of communicating with women.

Yama Torabi, and Lorenzo Delesgues. June 2008. Bringing Accountability back in: Afghans from subjects of aid to citizens of a state. Kabul: Integrity Watch Afghanistan. http://www.iwaweb.org/BringingAccountabilitybackin.pdf

Integrity Watch Afghanistan conducted two surveys on Afghan perceptions of aid, one in August 2007 that sampled 3000 people and the second in May 2008 which sampled 1000 people from the same 18 provinces. As in our interviews, Afghans are quick to point to problems in the international delivery of assistance, and to label the problem corruption. Across the country, 64% of respondents thought that there is corruption in aid; among the people who thought that there is corruption in aid, 60% estimated that 40% of aid money is lost in corruption. In accordance with the argument of the GIRoA, 92% of our respondents recommended that the international community spend aid through the government - and 79% felt that conditionality could be used by donors when giving money to the Afghan government. In addition, respondents had an additional distributional issue: only 12% believed that aid is equally distributed across provinces. The popular conception is thus glum. A large majority (81%) of respondents believed that less than 40% of all the aid given to Afghanistan reaches the population.

Manija Gardizi. December 2007. Afghans' Experience of Corruptions: A study across eight provinces. Kabul: Integrity Watch Afghanistan.
 http://www.iwaweb.org/Afghanexperienceofcorruption.pdf

IWA organized focus group discussions and in-depth interviews using an extensive set of open-ended questions in Kabul and seven provinces with different economic, ethnic, religious and language backgrounds in 2007.

The strong consensus was that corruption in Afghanistan is wide-spread, has permeated all sectors and all levels of the public administration, has grown to an unprecedented level, and in the opinion of many, taken root in Afghan culture. While small scale bribery or petty corruption is often socially justified due to low public service salaries, there is no social tolerance for was people felt was "disproportionate" extraction of bribes or greed.

Corruption in general was condemned as immoral and against Islam - though many people felt trapped in a web of corruption. Citizens saw current levels of corruption as the most delegitimizing factor for the state.

Petty corruption was not seen as productive; rather than making bureaucratic processes faster, bribes were viewed as required to get anything done at all. At higher levels, respondents noted a new institution of "*commissionkars*" who broker corrupt deals. Kabul was seen as the most corrupt, then provincial levels, and finally district levels. However respondents noted that while district officials may have fewer opportunities for corruption, due to the pervasiveness of traditional *shuras* and *jirgas* and the scant authorities devolved to this level by Kabul, the pressure these practices exert on citizens is higher than at other levels. When extraction is possible, respondents felt district officials tried to get the maximum amount of bribes and left the residents few ways around these officials.

Corruption networks or "*Band-Bazi*" have spread in the administration and now constitute a wide and interwoven web of heterogeneous groups that use their positions largely for private or small group gains and effectively block reform. A "*bazaar-economy*" has developed where every position, favor, and service can be bought and sold. One corrupt practice can be a cause and / or consequence of another, creating a cycle that perpetuates corruption. Interviewees saw small steps, such as strengthening the provincial councils, religious education against corruption, and awareness raising via media could build the ground for state reforms and a slow change in culture.

Yama Torabi, and Lorenzo Delesgues. January 2007. Afghan Perceptions of Corruption: A Survey Across Thirteen Provinces. Kabul: IWA.
 http://www.iwaweb.org/AfghanPerceptionofCorruption.pdf

Based on a survey in August and September 2006, before security dramatically worsened in the south, IWA argued that corruption was endemic – soaring to levels not seen in previous administrations – and that the type of corruption had also changed. More than 60 percent of respondents felt the most corrupt period was "Karzai's", with the least corruption under Daoud (almost 33%). While the driving forces behind corruption in other periods varied (factions under the communists, ethnic ties under the Taliban, and a combination of both under the Mudjahiddin), corruption at present was seen as overwhelmingly based on money.

Impunity and the lack of accountability for civil servants were noted as the main factors that permitted corruption. Eighty-six percent of civil servants surveyed agreed with this conception, compared to 76 percent of other respondents. When asked about the causes of corruption, factional-political affiliations (52%) and community relations (40%) were overwhelmingly noted. The first set includes party/faction (21%), political affiliation (5%), commander connections (19%), and links to higher-level officials (12%) – which were dominant concerns in urban areas and more remote villages. The second set is predominately ethnic relations (30%), with only 4.5 percent religious ties and 5 percent community relations – which were especially noted in rural areas near cities.

Bribes were paid, respondents noted, because they lacked the time to tackle lengthy bureaucratic procedures, they lacked the relationships to obtain services without bribes, and they were unable to pursue higher level alternatives in the administrative hierarchy.

Rural respondents were in general obliged to pay bribes more than urban ones for these reasons.

Citizens viewed the most corrupt sectors as justice, security, and municipalities. Pashtuns differed from other groups in security and justice. The widely seen Pashtun dominance of the supreme court led to only 30 percent of the ethnic group seeing the courts and MoJ as corrupt, compared to over half of Tajik, Hazara, and other respondents except for Uzbeks (40%). Under 15 percent of Tajik, Hazara, Uzbek, and other ethnic respondents felt security institutions (where Tajiks are seen as dominant) were most corrupt, compared to over 30 percent of Pashtuns. Opinions varied widely by province on corruption among non-state actors (local commanders, jirgas, shuras); overall a majority of respondents felt they were not corruption-reducing, with only a quarter of those surveyed suggesting that corruption decreased under their authority.

Respondents felt that corruption was not an individual activity (only 16% felt it was), but rather was driven by groups of civil servants (55%) or a larger system of various groups (24%). Eighteen percent of respondents through originated from the leaders of government departments and ministries. Civil servants themselves noted that corruption was organized within their departments (39% of civil servants polled).

Government of the Islamic Republic of Afghanistan. June 2007. Anti-Corruption Roadmap for the Islamic Republic of Afghanistan. Kabul: GIRoA.
 http://www.adf.gov.af/src/strategy_papers/Anti-Corruption%20Roadmap%20GoA%20-%20English.pdf

While given some support within the GIRoA, the "Roadmap" was apparently driven and drafted by the international community, using knowledge about the country and lessons of international experience in anti-corruption. Early drafts note that the paper is an informal discussion paper by staff of the Asian Development Bank, UK Department for International Development, United Nations Development Programme, United Nations Office on Drugs and Crime, and World Bank. The roadmap reviews and provides detail on six main points for anti-corruption in Afghanistan, and argues more needs to be done towards:

1. Clarifying the institutional framework for anti-corruption,
2. Understanding better the context, problems, and dynamics of corruption,
3. Assessing vulnerabilities to corruption in key areas, taking appropriate actions, and monitoring,
4. Resolutely pursuing key cross-cutting reforms,
5. Developing a national anti-corruption strategy (as part of the ANDS), and
6. Gaining support for GIRoA identified AC priorities from the international community.

At this point, the timeframe for cross cutting reform areas and precise combination of Government and international actors was "to be determined" in the proposed AC workplan; these are the key areas of judicial reform, counter-narcotics strategy, and the development of external accountability mechanisms. The roadmap appears to have influenced subsequent government reports and plans for anti-corruption, as well as led to a series of vulnerabilities to corruption assessment in many areas and ministries. Several

key actors were left as TBD: justice sector (MoJ and AGO), MOI, and the President's Office.

Islamic Republic of Afghanistan. 13 February 2008. National Anti Corruption Strategy. Kabul: Islamic Republic of Afghanistan.

The "Azimi report", as it is widely referred to by both Afghans and members of the international community – drafted under the Supreme Court chairman – serves as the cross-cutting anti-corruption framework for the ANDS. The report candidly describes corruption as a "significant and growing problem" – one that is noted in the very first line that "undermines the authority and accountability of government, lessening public trust in state institutions, reducing the legitimacy of state institutions, and eroding the security and other human rights of citizens." p. 1. The report sets six benchmarks, with varying levels of specificity; the components for reaching these goals are discussed in more detail. These general mechanisms are strengthening public sector management, public accountability systems, the legal framework and judicial system, and methods to control corruption within counter-narcotics institutions.

The report's encompassing view of the corruption challenges are not entirely met by the plan of action. The problems, and broad families of solutions that are implied, go beyond the scope of government action.

> For a country whose key corruption characteristics are an apparent high level of state capture and a high level of administrative corruption the key focus for anti corruption should be directed at breaking the power of those who hold of a vested economic interest in the status quo, i.e. coping with those who are going to resist the process of policy and institutional reform. The main challenges to be faced include the concentration of economic interests that can block reforms; limited anti corruption implementation capacity of government; poorly organized anti corruption constituencies and restricted channels of access for countervailing interests. p. 7

The challenge of marshalling interests against corruption and promoting their collective action goes beyond the government's responsibility. The strategy properly focuses on building accountability and oversight mechanisms into government. The central problem outlined below remains unaddressed:

> The overall lesson for anti corruption strategies and measures in countries characterized by a high level of state capture and high level of administrative corruption is that stand- alone technocratic reforms that fail to address the political and public administration systems or the underlying social and cultural conditions will have limited impact. p. 7.

Government of the Islamic Republic of Afghanistan. June 2008. Anti-Corruption Sector Strategy. Afghanistan National Development Strategy 1387–1391 (2008–2013). Kabul: Islamic Republic of Afghanistan.
http://www.ands.gov.af/ands/final_ands/src/final/sector_strategies/Anti%20Corruption%20Strategy%20-%20English.pdf

The final National Anti-Corruption Strategy simplifies the earlier Azimi report slightly and adds sections on monitoring and evaluation and risks to implementation. The legal and regulatory framework for anti-corruption is singled out as a high-risk area – due to capacity issues in line-ministries and the Taqnin as well as in the National Assembly.

The strategy focuses on changing and supporting institutional arrangements in the government, which are complemented with legislative and regulatory developments to better define the criminalization of corruption., clarify the rules on giving and accepting bribes and gifts, as well as develop and use asset declarations. A set of internal GIRoA coordination mechanisms are developed in an effort to ensure thorough follow-up and monitoring of investigation of corruption, complaints and corruption allegations submitted by the public, mechanism to ensure targeted investigations and prosecution, as well as clearer mandates in prevention, education and monitoring and oversight. As in other areas, capacity development is explicitly noted as necessary. Sustained donor support for all the key institutions that make up the integrity infrastructure as well as for essential training will be needed. Particularly critical is that law enforcement agencies are strengthened through human rights and ethics trainings to protect human rights and due process.

The sector strategy ends by contrasting the approaches of the strategy above with bigger issues, that can be complementary – but if absent will leave the core approaches ineffective:

> Without strong and sustained international support to the core agencies there cannot be a successful fight against corruption. Yet, let there be no doubt. Changes in the institutional framework, no matter how well-defined and supported by good policies and laws, will make no difference unless there is also the firm political will, at the highest levels of state, to restore a culture of integrity and provide strong moral and political support to those institutions that are today at the frontline of the war on corruption. p. 75.

World Bank. December 2005. The Investment Climate in Afghanistan: Exploiting Opportunities in an Uncertain Environment. Washington: World Bank. http://siteresources.worldbank.org/INTAFGHANISTAN/Resources/AF_ICA_Report.pdf

The World Bank's survey on the investment climate in Afghanistan found that in spite of positive steps by the government, including in tax reform, significant constraints hamper investment. Their business survey found that the five largest obstacles reported were, in the order noted by firms: electricity, access to land, corruption, access to finance, and anti-competitive practices. Perceived obstacles in this survey were similar across all areas of Afghanistan, with only slight regional differences. Anticompetitive practices were cited more frequently in Mazar-e-Sharif than elsewhere, possibly reflecting "deeply entrenched local business interests that use their close ties to powerful political patrons to restrict competition".

Annex B: List of Persons with Whom the Assessment Team Met

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Hajji Abdul Rahman, Director of Economy, Balkh Province
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Annex D: Illustrative Questionnaires Used in the Interviews

General

1. How would you define corruption under contemporary conditions in Afghanistan?

2. How would you describe the problem of corruption in Afghanistan today?

3. How do you see the problem of corruption in your organization today?

4. What forces do you see in Afghanistan today that are countering corruption?

5. What do you hope for in the future to better counter corruption?

6. Are there national and local traditions in Afghanistan that could be used to promote values and principles such as honesty, integrity, and accountability?

7. Are the current laws and regulations of the GIRoA adequate for countering corruption?

8. Is the GIRoA's work in countering corruption adequate? If so, how? If not, why not?

Public Sector

1. How are transparency, accountability and anti-corruption needs, initiatives, and impacts within your ministry being identified, assessed, coordinated and addressed – both at the national and sub-national levels?

2. In order of priority (e.g., funding, duration, technical focus areas, etc.), which other international donors are currently supporting transparency, accountability and anti-corruption assistance within your ministry?

3. What have been the most valuable (3 – 5) contributions of USAID to transparency, accountability and anti-corruption initiatives, including direct and indirect assistance, and what, in particular, makes these contributions stand out?

4. How does USAID transparency, accountability and anti-corruption assistance compare to other donor assistance in terms of, responsiveness to your needs, approach to management, and contribution to improved performance in your ministry?

5. What are the most prominent, general measures of improved corruption prevention within your ministry that demonstrate sustainable benefits from donor assisted initiatives?

6. What are the priority (3 – 5) but unmet transparency, accountability and anti-corruption needs in your ministry and what are your plans for addressing these needs?

7. How will addressing these priority needs impact the performance of your ministry?

Civil Society Organizations

1. How are transparency, accountability and anti-corruption needs, initiatives, and impacts within your particular organization and your sub-sector community being identified, planned, coordinated and assessed?

2. What capacity does your organization have to address transparency, accountability and anti-corruption issues within the government of the Islamic Republic of Afghanistan ?

3. What would be the most valuable (3 – 5) contributions of USAID or other donor assistance to your particular organization and sub-sector community, including direct and indirect assistance, to combat corruption in Afghanistan?

Private Sector

1. How does corruption affect the business community in Afghanistan?

2. What are the priority (3 – 5) but unmet anti-corruption needs in regard to reducing corruption in government and business?

3. How will addressing these priority needs impact performance of your business?

Annex E: Assessment of Corruption in Afghanistan - Statement of Work

SCOPE OF WORK

Assessment of Corruption in Afghanistan and Design of Proposed USAID Strategies

I. Introduction

The purpose of this assessment is to provide USAID a strategy to strengthen the GIRoA's capacity and political will to fulfill its National Anti-Corruption Strategy and ANDS Anti-Corruption objectives. This strategy should include program recommendations and measurable indicators of success or failure. It should be consistent with the terms and objectives of the agency-wide USAID Anti-Corruption Strategy.

More specifically, this Scope of Work (SOW) calls for the completion of three interrelated tasks: (1) an assessment of the existing legal, institutional frameworks in place intended to reduce corruption; (2) a stocktaking and assessment of current USAID, USG, and other donor programs aimed at reducing corruption; and (3) based on the above a USAID strategy and program and coordination recommendations to increase the ability of USAID to reduce corruption.

The scope does not call for a full and detailed program design.

II. Background

Corruption is increasingly diminishing the confidence of Afghan citizens in their government. According to the 2007 Asia Foundation survey, (74 percent of Afghans see corruption as a major problem at the national level, and in a later survey conducted by the National Research Center in 2008, the figure reached 83 percent, ranking higher than insecurity. The 2008 Transparency International Corruption Perception Index places Afghanistan as one of the five most corrupt countries in the world. The scope and depth of corruption is worrisome in that it is not only perhaps becoming entrenched and accepted as a cost of doing business, but it is a factor in the growing feeling of disconnect between the citizen and state which can in the long term, erode governmental legitimacy and further destabilize the government. Some observers feel that battle with the insurgency will be won or lost depending upon how the Government of the Islamic Republic of Afghanistan (GIRoA) combats the problem.

Donors have recently flagged this as a critical issue during the Paris Conference and in other fora. During the past 3 years, the Government of the Islamic Republic of Afghanistan (GIRoA) and made some public strides in responding to public and donor concerns by promulgating conventions and laws, drafting plans, producing assessments, and establishing new institutions all aimed at reducing corruption.

Some initiatives include ratification of the United Nations Convention against Corruption (UNCAC) and a National Anti-Corruption Strategy (often referred to as "The Azimi Report"). The Strategy builds upon the Afghanistan National Development Strategy (ANDS) in which Anti-Corruption is a major cross-cutting theme. Among its recommendations, it called for the creation of a new High Office of Monitoring

Corruption, which has since been established. A donor group (ADB, UNDP, DFID, and WB) has led the creation of "Fighting Corruption in Afghanistan: A Roadmap for Strategy and Action." The WB, UNDP, ADB and DFID have begun a series of Vulnerability to Corruption Assessments (VCA) in several sectors (civil service, roads, energy and within the MOF in budget, revenue and public financial management, procurement and auditing). VCAs remain to be completed in water, justice and customs sectors. President Karzai authorized the creation of an Inter-Institutional Committee in Feb 2008 to report on additional recommendations to strengthen and better coordinate the corruption battle. In addition, the depth and impact of all kinds of corruption, from petty levels that citizens must pay to obtain basic services to grander acts of outright kickback and skimming due to lack of means detection and strong enforcement institutions has become a central topic among donors.

Since the re-establishment of civilian rule following the overthrow of the Taliban in 2001, several studies have been undertaken to measure the issue of corruption. The World Bank Institute's Worldwide Governance Indicators, Control of Corruption index places Afghanistan among the most corrupt countries in the world. Transparency International's Corruption Perception Index ranked Afghanistan among the most corrupt countries as well in 2007 and 2008. An independent survey conducted in 2007 by Integrity Watch Afghanistan concluded through public opinion surveys that "corruption is endemic" in Afghanistan.

Several key topical questions arise from the situation that need probing in order to better understand how USAID and the USG can better understand the problem and how it can design interventions to raise awareness and reduce the problem.

> 1. Nature of the problem: How do Afghans understand corruption and how does it most seriously affect them? How does it affect women? What are the social, political, and cultural forces at work behind corruption?
>
> 2. Political will: In Afghanistan, as in every USAID country, the common complaint is the lack of political will to combat corruption. But political will is not static, and it is not solely the domain of the President or other high officials – it can be created, nurtured, and developed, within and outside of government, at all levels, through a variety of program measures such as civil society social audits, media training, party development, and internal measures build the confidence of mid-level officials through modest successes. How can USAID *generate* political will at all levels, rather than just complain about its absence?
>
> 3. USAID's portfolio: How can USAID make use of its existing its portfolio, or should it develop a new program or programs to respond to the problem? Apart from traditional responses to the problem (e.g., audit, preventative measures, public awareness) can USAID attempt non-traditional approaches that can be taken that build upon Afghan social and cultural resources? At what level (national, local) or with which institutions should USAID focus its efforts?
>
> 4. Coordination: Where should USAID coordinate better within the USG and with other donors? Are there donor practices (including those of the USG) that are unintentionally exacerbating the problem, that need addressing at high policy levels?

5. Monitoring: Does USAID have the data collection tools to monitor the problem and measure improvement (or backsliding)?

To assist the Mission with a more targeted, realistic, and achievable strategy to integrate anti-corruption programs in its portfolio, a thorough assessment is recommended with concrete recommendations.

III. Scope of Work and Methodology

Under the direction of the USAID/Afghanistan Office of Democracy and Governance, the assessment team will complete the following assessment tasks:

1. *Desk Study*

The team will conduct a thorough document review of scholarly papers, donor reports, World Bank documents, the ANDS, the National Anti-Corruption Strategy, Transparency International reports, the USAID Anti-Corruption Strategy, and USAID/Afghanistan programs descriptions and scopes of work to gain a fuller picture of the issue of corruption in Afghanistan and what has been done to date. Each technical office at USAID has produced a brief overview of how their current programs are addressing corruption in some way.

2. *Problem Definition*

Using available survey data, interviews, and focus groups, the team will examine the nature of corruption in the Afghan cultural context: how do Afghans understand corruption, in which institutions do they perceive it to be most serious and where are they most victimized? What solutions do they suggest for combating corruption? How does corruption affect men and women, and how do they respond? How does the GIRoA define the problem?

3. *Analysis of Existing Anti-Corruption Laws, Policies, Regulations*

Undertake a thorough, rigorous and critical review of all existing laws, polities and regulations that serve as the GIRoA's formal approach to tackling corruption. The analysis will be a critical review aimed at making recommendation on how improvements in the legal framework can enhance the GIRoA's efforts to reduce corruption. The institutional and legal checklist from USAID's Anticorruption Assessment Framework may be helpful in identifying all the relevant areas for review. In addition, based on Afghanistan's ratification of the United Nations Convention Against Corruption in August 2008, the various chapters of the UNCAC could be used as a means for identifying major strengths and weaknesses of the system. A preliminary checklist of key provisions has been in use by the UN on a pilot basis and can be found at http://www.unodc.org/unodc/en/treaties/CAC/index.html#selfassessment.

4. *Analysis of Institutional Architecture*

Conduct a full critical review of the various institutions, offices and departments that have been established to reduce corruption. These include, but are not limited to, such institutions as the High Office of Monitoring, the General Independent Administration for Anti-Corruption, Parliamentary Commission on Judicial, Justice Affairs, Administrative Reform and Anti-Corruption, the Parliamentary Complaints Commission, the Control and

Audit Office, the Anti-Bribery and Anti-Corruption, in the Ministry of Interior and the Afghanistan Independent Human Rights Commission and the judicial system, individual ministries. A focus also has to be placed on what the GIRoA has established at different levels of government. The structure sub-national government structure in Afghanistan is muddled by overlapping authorities, lack of communications, low capacity, the presence and power of local authorities who may operate and influence decisions, yet are not part of the formal system, and in some provinces the presence of powerful drug lords. In addition there are roughly 32 Provincial Reconstruction Teams scattered throughout the country that exert some influence to varying degrees in different districts and provinces. As appropriate, the team will make use of draft diagnostic guides produced by the USAID Democracy and Governance Office.

5. *Review of existing USAID programs*
The team will meet with all relevant technical and management offices at USAID/Afghanistan (i.e. Director, Financial Management, Democracy and Governance, Provincial Reconstruction Team, Program and Project Development Office, Infrastructure, Engineering and Energy, Social Sector, Economic Growth, Alternative Development and Agriculture) to discuss existing programs and their links to anti-corruption efforts. The assessment team will inventory these different programs through an anti-corruption perspective.

6. *Mapping exercise of USG and donor entities working on AC in Afghanistan*
The USG has a broad and diverse group of departments and agencies working in Afghanistan. In addition to USAID, the Department of State/INL, the DoJ, DEA, and all branches of the military under the CJTF are in country with relevant programs. At various levels and using a variety of programming tools and techniques, all actors are in one way or another involved in or interested in using USG resources to fight corruption. Coordination of these efforts is carried out through Rule of Law and Governance Policy Committees. The assessment team will interview all major actors in these various departments and agencies to inventory these activities. The team will ascertain the potential for success of these different initiatives should they continue as is, and make recommendations for better coordination and possible harmonization of these efforts to maximize results.

In addition, other donors such as ADB, DFID, the UNDP and the World Bank fund activities directly or indirectly devoted to the promotion of transparency and anti-corruption. For example, DFID and USAID's Economic Growth team are collaborating on licensing reform that would significantly contribute to reducing opportunities for corruption.

7. *Assessment of political commitment and capacity*
Political will is the *sine qua non* of a successful effort to reduce corruption. The commitment of political leaders, elected representatives, and investigative, prosecutorial and judicial personnel to implement laws, policies and regulations with the goal of reducing corruption is vital. Political will is a term that is commonly used, but not always well defined or understood. The lack of political will (to achieve anti-corruption or other goals) is a common complaint. In essence it refers to a situation when words are followed by action. Political will is difficult to measure and quite often uneven in any institution or country. It is not only the Executive which must demonstrate political will, but the entire state and society which often is the source of political will or its absence. Moreover, it is

not static; political will can be cultivated over time, either within institutions, by building coalitions of interests, or by pressuring key parts of the system for action. It is easy to confuse political will with political campaigning: different actors with different interests will have political will to attack enemies or burnish their own images, but getting sustained attention on measures that affect all players is difficult because the stakes are generally very high and the measures (e.g. better auditing) are not politically salient or even understood.

The assessment team will use a variety of questions and analysis to determine the politics of corruption, and where political will can be found and cultivated. The results of this analysis will be a key driver in determining what programs have the greatest chance for success. The team will also suggest benchmarks to measure progress in how the GIRoA meets words with actions. Capacity is a key issue in the GIRoA's ability to implement many reforms, but that also presents a programming opportunity as well. The assessment team will also address the issue of what can be done in environments of low political will.

In addition, the team will assess the level of technical capacity in relevant institutions charged with reducing corruption and make recommendations on additional capacity building TA geared to improving public officials' ability to accomplish their missions.

8.   _Review of evaluation tools to monitor the status of corruption in Afghanistan_
The team will review existing monitoring tools the GIRoA is using to measure corruption, including the UNDP/ACT program-developed Hawken-Munck Corruption Monitoring System (see: A Corruption Monitoring System for Afghanistan, UNDP/ACT Project, Angela Hawken, Geraldo Munck, July 9, 2008), and the corruption perceptions questions of the Asia Foundation Surveys. Additional measures to determine if the severity of corruption is increasing or decreasing will be reviewed and recommendations made to the Mission.

General Guidance in conducting analysis and preparing the deliverables:
From the information gathered through execution of the tasks above, the team will devise a strategy to reduce corruption in Afghanistan for USAID and make specific actionable program recommendations, including maximizing results from existing programs, exploiting possible synergies with other USG and donor efforts, developing new programs, or possibly a stand-alone anti-corruption program. The strategy will focus on the Democracy and Governance portfolio but identify areas for synergy and coordination with the other USAID, USG, and donor programs.

Specific program design is not requested at this time. However, USAID is most interested in identifying the best targets of opportunity that will get results. The strategy should identify the focus of efforts: for example, should USAID focus on sub-national government levels or national institutions? Which institutions? What kinds of tools will work best in the Afghan context? Besides administrative sanctions and law enforcement, does Afghan society have political and social mechanisms that might be supported to deter corruption? Are their particular forms of corruption that affect women that deserve special attention?

The team will also recommend to USAID what internal management arrangement would be best suited to support anti-corruption as a cross cutting theme: specifically, whether

new mechanisms or staff are required, and the extent to which existing mechanisms can address anti-corruption. Useful recommendations may include what lessons have been learned from other USAID missions. Because of the unique nature of the Afghanistan mission, attention needs to be devoted to coordination with other USG and donor programs, including capacity building programs at the sub-national level. The team will work closely with Mission's Program and Project Development Office (OPPD) which is charged with advancing cross-cutting issues (anti-corruption and gender are particularly relevant for this activity).

IV. Deliverables:

1. Initial briefing with Front Office, ODG and Program Office: within one day after arrival in country.
2. Initial briefings with Office Directors on anti-corruption instruments, mechanisms, and strategies as they pertain to future planned activities in different USAID sectors
3. Initial briefings with ODG and OPPD. In this briefing, the team will provide a preliminary statement of working hypotheses and areas of emphasis, based upon the desk study and initial briefings.
4. Work plan, list of planned interviews, and list of questions and/or questionnaire – within 3 days of arrival to Afghanistan
5. Interim, on-going briefings and feedback on the team's findings: as requested by USAID or proposed by the assessment team.
6. A draft report and presentation to ODG, Program Office, and other stakeholders – 5 days prior to the team's departure from Afghanistan
7. A **final report** which incorporates Mission's input – 5 days upon receipt of USAID's input.

The main body of the final report that includes Table of Contents, Executive Summary, Findings, Recommendations, etc. shall not exceed 45 pages. The list of interviewees, acronyms, annexes, and other related documents will not be counted against 45 pages.

V. Team Composition

This assessment calls for a team of four:

Lead Technical Consultant (Team Leader): The lead consultant will be a senior level political analyst with expertise in assessing and designing anti-corruption, rule of law and general democracy and governance programs with at least 15 years of experience in mentioned fields of expertise. An advanced degree in political science, public administration, J.D. or similar degree is required, and regional or country experience desirable.

Institutional Reform Specialist: The consultant should have at least 10 years of experience in institutional capacity and strengthening efforts in government and non-government institutions. Experience in conducting assessments and evaluations in democracy and governance, including assessing corruption, anti-corruption mechanisms, and related activities and fields is also required. Experience with developing monitoring

and evaluation systems is desired. A degree in political science, economics, and/or public administration is required. Regional and/or country experience is desired.

Afghan Political Expert: This consultant will be an Afghan national with senior level experience in analyzing and writing on political development issues in Afghanistan. Familiarity with donor programs is desired. This position requires an advanced degree in political science, Afghan history, public administration or a J.D. Significant experience in Afghanistan is essential.

USAID Anti-Corruption Expert: In addition, an anti-corruption specialist from USAID/DCHA/DG may participate on the team as an actual or virtual member to provide USAID perspectives and experience with best practices in anti-corruption programming.

VII. Period of Performance

The evaluation should take place over a period of 40 working days, of which 35 days will be spent in Afghanistan. The start date is o/a November 1, 2008 and end date o/a December, 2008. The six-day work week is authorized.

Estimated Level of Effort (LoE):
- 2 days US based preparation, meetings with USAID & State/INL reps, literature review
- 39 days in country field work and initial draft
- 4 days travel