

## NATIONAL SECURITY STUDIES PROGRAM POLICY PAPER

# RUSSIAN ROULETTE

## Corruption, Revenue, and the post-Soviet Precedent for State Failure in Afghanistan

BRIAN FISHMAN, MAY 2012

### Table of Contents

Introduction.....	1
Brokerage and Co-optation: Corruption as Political Accommodation in Afghanistan.....	2
Afghan Government Revenue: DRA and GIRoA.....	5
Conclusions and the Way Forward.....	8

### Introduction

The strategic partnership agreement between the United States and Afghanistan that was signed by Presidents Barack Obama and Hamid Karzai on May 1, 2012 did not address several critical questions, the most important of which is whether, and to what degree, the international community will continue to fund the Afghan government after 2014. Addressing the Afghan government's budget needs is to be a major focus of the upcoming Chicago summit. As well it should be: the greatest threat to Afghanistan's stability in the years after 2014 is not the Taliban, but fracturing among the patronage networks that currently collaborate within the Afghan government. If the Afghan government is to remain cohesive after 2014, international assistance should be structured to bolster its internal coherence, not just sustain the Afghan National Security Forces' (ANSF) ability to counter the Taliban.

A decade before the United States began its campaign to purge the Taliban and establish a sustainable Afghan government hostile to al-Qaeda, the Soviet Union was watching the government it helped build in Afghanistan

crumble into civil war. Despite valid criticisms of the Soviet Union's brutal counterinsurgency tactics and the mythology surrounding the U.S.-backed Afghan mujahidin, virtually all studies of the Soviet experience in Afghanistan conclude that, "it was not on the battlefield where Soviet strategy failed but in their efforts to influence Afghan social dynamics and to address crucial economic sustainability issues."<sup>1</sup> The Soviet-backed Democratic Republic of Afghanistan (DRA) collapsed when the Soviet Union stopped providing financial assistance that could be distributed to and stolen by the various warlord-led patronage networks working with the DRA in the wake of the Soviet withdrawal. Despite many differences between Soviet and the NATO-led International Security Assistance Force (ISAF) counterinsurgency techniques, the current Government of the Islamic Republic of Afghanistan (GIRoA) is weak in many of the same ways as its DRA predecessor. Most importantly, both governments are fundamentally reliant on foreign aid in order to maintain tenuous agreements between patronage networks. When the aid to the DRA disappeared, the government collapsed; in lieu of a major, and long-term, international commitment to Afghanistan's budget, a similar break-up is likely in the years after 2014.

The dependence on foreign aid to sustain political accommodation constitutes a "corruption paradox" in Afghanistan: the misappropriation of international assistance lubricates the implicit political covenant holding the current Afghan government's coalition together, but it also advances the failure of that Afghan government in the

---

long-run by preventing the state from developing a viable revenue structure. ISAF Commander General John Allen alluded to that problem during his March 20, 2012 testimony to the House Armed Services Committee, explaining that efforts to counter Afghan corruption at the border, inland customs depots, and airports were necessary to allow the government to, “...recoup substantial amounts of revenue to Afghan government coffers.”<sup>2</sup> The United States has reportedly agreed upon a plan to sponsor the ANSF that would require \$4.1 billion per year. But that amount represents only a fraction of the Afghan public expenditures necessary to sustain the government and encourage it to develop self-sufficiency.<sup>3</sup> Moreover, the focus on the ANSF is designed to counter outside threats to the Afghan state and does not adequately deal with the danger of internal fractures. A simple cost estimate for the entirety of the American strategy in Afghanistan after 2014 suggests it will cost between \$13 billion and \$25.5 billion annually. Although some of those costs are likely to be shared with allies, U.S. taxpayers will be responsible for funding the vast majority.

If the international community had enforced close controls over aid distribution during the past decade—meaning spending less money more wisely—the Afghan state might have developed more effective revenue mechanisms. But that debate is academic today: the international community did not spend wisely and the Afghan government does not have reliable revenue mechanisms. In the medium- to long-run, fiscal unsustainability and aid dependence is a recipe for state failure and civil war in Afghanistan. That, rather than the Taliban, is the most important threat to the Afghan state, particularly because political consensus favoring assistance to Afghanistan in donor countries is likely to crack when most troops come home in 2014. As they do, domestic pressure in donor countries, including the United States, to reduce the amount of aid to Afghanistan will increase. Aid is likely to fall. In this scenario, the Afghan government, still unable to generate sufficient revenue independently, will not be able to support governance measures outside of the security forces;

warlords will have less incentive to tolerate power sharing and the authority of Kabul. Afghanistan will likely return to civil war.

That conclusion is essentially independent of any judgment about the strength of the Taliban, the effectiveness of the Afghan National Security Forces relative to its enemies, or the wisdom of various local security programs, such as the Afghan Local Police. Debates about these issues play an overly large role in policy discourse about Afghanistan. For all of the talk about population-centric counterinsurgency, American strategic discourse has always been enemy-centric. But the Afghan government’s center of gravity is the political coalition among its constituent patronage networks—and the largest threats to that coalition are the longstanding animosities between those networks. Those animosities have been suppressed in the face of ISAF’s troops-backed political pressure and the prospect of co-opting foreign aid pouring into Afghanistan. Those stabilizing pressures will shift dramatically after 2014, which means that NATO’s primary focus should not be on securing a peace agreement between the government and the Taliban after 2014, but designing a strategy for a sustainable agreement between the patronage network leaders inside the Afghan government.

## **Brokerage and Co-optation: Corruption as Political Accommodation in Afghanistan**

The Soviet Union’s experience leaving Afghanistan has eerie parallels to international efforts today. The reasonably capable government the Soviets left behind was led by President Mohammad Najibullah, who used a strategy of “brokerage” to build a short-lived accommodation with his former battlefield foes—especially Uzbek and Tajik mujahidin groups that had fought the Soviet occupation. Najibullah was a skilled politician, but key to that arrangement was Najibullah’s willingness to allow his erstwhile partners to co-opt major components of Soviet military and financial aid, which continued to flow to

---

Kabul. The imperfect peace liquefied into civil war when the Soviet Union stopped sending aid and President Najibullah challenged the northern warlords' claims to the diminished spoils. After years of ensuing civil war, the Taliban entered the vacuum, took Kabul, and President Najibullah wound up swinging by his neck from a lamppost in Kabul's Massoud Circle.

### The DRA Brokerage Strategy

Soviet troops entered Afghanistan in 1979 and finished withdrawing in February 1989, but the USSR continued to provide support for the Communist Najibullah government until the end of 1991. The Soviets were cruel occupiers and used tactics rightly disparaged then and today (such as the use of cluster munitions), but the Soviet occupation produced a friendly government in Afghanistan that lasted for two years after Soviet troops withdrew. Like the American-led ISAF, the Soviets invested heavily in building a productive and sustainable Afghan government, albeit one that was essentially autocratic and committed to a command economy.<sup>4</sup>

But the Soviet-backed governments suffered from factionalism and patronage. Competing blocs within the ruling People's Democratic Party of Afghanistan (PDPA) battled one another for power throughout the Soviet occupation and intra-governmental factionalism increased when the Afghan government reconciled with various mujahidin factions and legitimized their militias as the Soviets withdrew. In April 1988, Soviet government sources assessed that 25-30 percent of the Afghan population supported the government, 30 percent favored the opposition, and 40-45 percent were neutral.<sup>5</sup> A year later—after the Soviet troop withdrawal—President Najibullah estimated that two-thirds of Afghan insurgents were negotiating with his government. The Soviet Ambassador approvingly claimed that the number was 75 percent.<sup>6</sup>

As Antonio Giustozzi describes it, Najibullah's strategy to reconcile militants via "brokerage" established "a sort of feudal state where he would have played the role of 'king'

and the militia warlords would have been his vassals."<sup>7</sup> The strategy worked temporarily, but meant that the government was "little more than a set of apparatuses headed by mutually antagonistic leaders held together by (President) Najibullah's redistribution of external aid. Only that aid rendered these organizations partly autonomous from the regional societies from which their members were recruited, and only that aid gave them coherence as parts of a single institution."<sup>8</sup>

In other words, peace in Afghanistan was held together by a political agreement predicated on the ability of the state's constituent factions to divert resources and authority from the state. The redistribution schemes will be familiar to observers of the contemporary Afghan government's struggle with patronage systems. Uzbek General Rashid Dostum reported "ghost soldiers" in his militia to secure more funding from Kabul.<sup>9</sup> General Olumi, appointed Governor of Kandahar in 1988, minimized anti-government violence by paying off insurgent networks.<sup>10</sup> Wakil Azam, a Shinwari tribal chief from Nangarhar province joined the DRA to limit the influence of Gulbuddin Hekmatyar, but rather than strengthening the government, most in Nangarhar believed "power and authority would in this way be returned to the Shinwari tribe."<sup>11</sup> Baghlan Governor Sayyid Mansuri Nadiri Kayani explained the logic of his payments to militant groups, saying "We tell the opposition groups: we will give you anything you want, from the government funds, as long as you don't interfere with the trucks."<sup>12</sup>

What was destabilizing for the Afghan state over the long-run was not necessarily bad for the Afghan people, at least in the short-run. Some of the patronage networks established sophisticated and benevolent governance structures that operated independently of Kabul. The most prominent was led by the Tajik commander Ahmed Shah Massoud, one of the most important mujahidin commanders, who in 1986 claimed to get one-third of his funds from booty, one-third from taxing minerals, a small percentage from political factions in Pakistan, and the rest

---

from a special tax levied on government workers.<sup>13</sup> After the Soviets withdrew, Massoud cooperated with the Soviet-backed DRA government, but continued to take 20 percent of goods transported through the Salang Tunnel.<sup>14</sup>

After the Soviet withdrawal, the DRA government ignored such informal tax structures to appease warlords like Massoud, but the DRA did take some actions to reduce corruption in its ranks. Facing increased raids on trade networks, especially between Kabul and Hairatan, on the Soviet border (now Uzbekistan), President Najibullah responded by establishing specialized units to defend key logistics routes. As many as 16,000 of these personnel were employed and, because of their critical mission, were paid twice that of normal soldiers. The specialized units performed better than regular army units, though pillaging of Soviet aid convoys was a fact of life after the Soviet withdrawal.<sup>15</sup> The key problem with efforts like this one was not their inefficiency, but that they were designed to solve an operational problem while leaving the strategic one in place: an unsustainable political accommodation between the Afghan government and key warlord-led patronage networks that was predicated on the ability of those warlords to extract goods and resources from the state.

### GIROA's Strategy of Co-optation

The current government has advantages that the DRA did not enjoy, but it too must accommodate powerful patronage networks that reinforce the authority of warlords and divert state resources for that purpose. Since 2002, the Afghan government, led by President Hamid Karzai, has endeavored to prevent civil war by bringing Afghan warlords into the government to co-opt them.<sup>16</sup> The strategy of co-optation is different than the DRA's brokerage strategy because it does not openly rely, as the brokerage strategy did, primarily on personal relationships between government officials with regional powerbrokers. Instead, it attempts to substitute a political structure for the traditional patronage networks structuring regional powerbrokers' influence—all while building a state bureaucracy that is theoretically accountable to Kabul.

In principle, co-optation's focus on institutions is a good idea, but in practice it has not substantially improved on the brokerage strategy. Instead of the state co-opting the warlords and their patronage networks, the warlords' patronage networks have co-opted the government bureaucracy and used it as a forum for promoting parochial interests. Afghan elections are still structured by regional patronage networks. Longstanding militias continue to exist, but their members are often wearing police or army uniforms—and the primary loyalty of many Afghan security officials is still to the informal, horizontal structures of patronage networks rather than vertically integrated state bureaucracy. Whatever the conceptual differences between the DRA's strategy of brokerage and GIROA's endeavor to co-opt warlords, the result has been a similar devolution of authority to regional patronage networks exploiting state legitimacy and resources.<sup>17</sup>

---

**Fiscal unsustainability and aid dependence is a recipe for state failure and civil war in Afghanistan. That, rather than the Taliban, is the most important threat to the Afghan state.**

---

President Karzai has not challenged the warlord-politician dynamic, instead conceding to the logic of warlords and balancing them against one another within government structures. In this way, Karzai's strategy echoes Najibullah's, which was designed to defer local authority to regional powerbrokers "but at the same time [consolidate] his grip on the central state."<sup>18</sup> One of the most important balancing acts involves Karzai's relationship with Mohammad Atta Noor, of Balkh Province, who has taken Ahmad Shah Massoud's mantle as the Tajik powerbroker with the most consolidated political, social, and military operation.

In 2004, Karzai supported Atta's bid to become Governor of Balkh province in order to blunt the influence of General

---

Rashid Dostum, who at the time appeared to be a stronger political force in northern Afghanistan.<sup>19</sup> But as Atta consolidated authority in Balkh, which includes the critical border crossing point at Hairatan, he rejected Karzai's influence in the province and ultimately supported Karzai's opponent in the 2009 election.<sup>20</sup> All the while, Atta limited violence and fostered economic growth, but also established powerful militia groups that stand separate from the formal GIRoA structure.<sup>21</sup> Karzai has pushed back, not by strengthening Afghan institutions in Balkh, but by playing the old balancing game among upper echelon Afghan powerbrokers—he appointed Balkh native Juma Khan Hamdard as Governor of Jowzjan Province (which neighbors Balkh) in 2007. In 2009, Atta accused Hamdard of running a Pashtun militia in Balkh in order to challenge Atta and fix elections in Karzai's favor.<sup>22</sup> In 2009, Karzai moved Hamdard to Paktia province, where he serves as Governor amid allegations that he is involved in a range of criminal activity and support for insurgent groups.<sup>23</sup> While the allegation that Hamdard was trying to build a Pashtun militia in Balkh to undermine Atta's authority is unproven, it is plausible and almost certainly influences Governor Atta's calculations, especially considering the spate of assassinations of key Tajik and Uzbek leaders in Northern Afghanistan.<sup>24</sup>

Brokerage, whether embraced outright by Najibullah or shrouded in a state structure by Karzai, has benefits, both for the Afghan people and the international community. As Justin Mankin noted, patronage network leaders use licit and illicit means to “raise and invest the capital for schools, roads, telecommunications, and hospitals that no one else is building,” which suggests that “all corruption, therefore, is not equally evil.”<sup>25</sup>

But the most relevant question is not whether patronage networks are evil, but whether their activities increase or decrease the long-run viability of the Afghan state. Corruption and factionalism need not be evil to contradict that goal.

It could be argued that GIRoA's co-optation strategy has bought time to bolster the ANSF. But GIRoA has not built a reliable structure for funding the ANSF in the wake of foreign occupation and support, which makes even that hard-won success fragile. Afghan leaders have governed according to an operational logic dictated by the persistent accessibility of foreign dollars rather than the imperative of building an independently sustainable state—and the international community, hopeful that Afghan institutions will somehow finally co-opt Afghanistan's warlords, have promoted the conceit.

Karzai's co-optation strategy has modestly improved on the brokerage approach pursued by Najibullah in some respects. The bureaucracy of GIRoA has changed the contours of political competition in Afghanistan, but primarily because access to those institutions offers access to foreign dollars. Those financial incentives induce jure accommodation among warlords, but without “law or political institutions, the struggle for power becomes as unstructured as the wars among the princes of early modern Europe. Each leader aspires to build an army and a financial apparatus capable of supporting it.”<sup>26</sup> The Afghan government bureaucracy was supposed to co-opt the warlords; instead, the warlords have co-opted the Afghan bureaucracy.

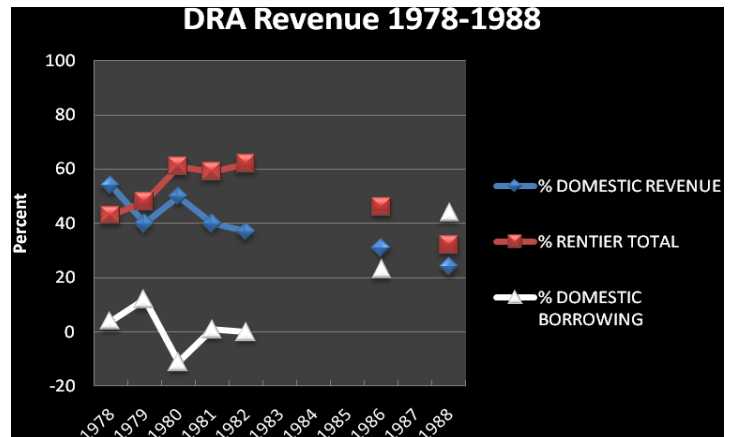
## Afghan Government Revenue: DRA and GIRoA

A chief lesson of the DRA's collapse after the Soviet withdrawal is that an Afghan government dependent on foreign aid-funded patronage is unstable, which is unfortunate because there are a number of similarities between the DRA's revenue generation and the current Afghan government. Both, for example, have relied on customs revenue. In 1991, after the Soviet withdrawal, customs revenue (and other indirect taxes) accounted for 30 percent of the DRA budget; today customs revenue accounts for approximately 35 percent of GIRoA's domestic revenue (non-foreign aid) and that percentage is slated to

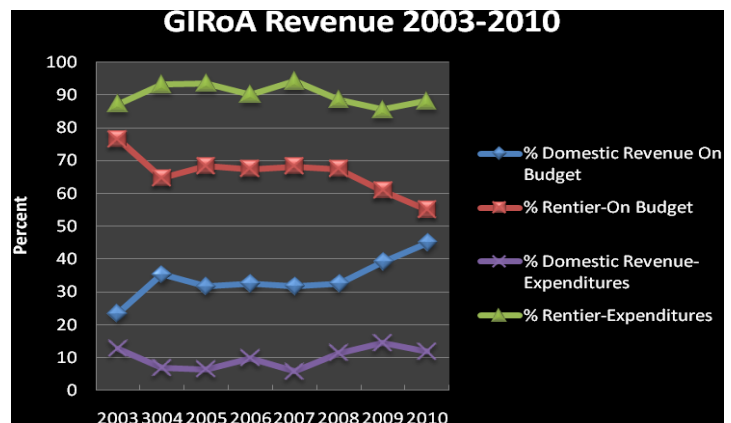
increase.<sup>27</sup> The remainder of Afghan domestic revenue under the DRA came primarily from Soviet-sponsored state-owned enterprises (SOEs). Reminiscent of a true command economy, those SOEs accounted for 75 percent of Afghanistan domestic revenue in 1988, the last year of Soviet occupation. The problem, beyond the economic determinism, was that Afghanistan's SOE revenue stream was deeply dependent on Soviet technicians maintaining equipment and was thus unsustainable after Soviet withdrawal.<sup>28</sup> Revenue from SOEs declined precipitously when Soviet technicians left key factory and administrative roles as troops left.<sup>29</sup>

Although contemporary aid for GIRoA emphasizes development more than Soviet aid to the DRA, GIRoA remains fiscally vulnerable going forward. As depicted in Figure 1, by 1988—when Soviet troops began withdrawing—the DRA was generating only 24 percent of its budget domestically and was essentially printing money to cover more than 40 percent of its budget, a larger percentage of its revenue than it was receiving from the Soviet Union (listed as rentier income). The current Afghan government's situation is only superficially more stable. Figure 2 illustrates that in 2010 GIRoA domestic revenue accounted for 45 percent of the Afghan budget (up from 32 percent where it hovered for most of the decade). The problem is that a much larger percentage of contemporary aid to Afghanistan circumvents the GIRoA budget process entirely than did Soviet aid to the DRA—so assessing GIRoA's fiscal sustainability by measuring the percentage of its budget covered by domestic revenue is misleading.<sup>30</sup> Between 2002 and 2010, 82 percent of foreign aid to Afghanistan was distributed directly to implementing bodies and did not pass through the GIRoA budget, including resources for critical governmental tasks such as the equipping and training of security forces.<sup>31</sup> So, although GIRoA domestic revenue accounts for 45 percent of its budget, that only amounts to about 12 percent of overall public spending.<sup>32</sup> In short, GIRoA is likely no more fiscally sustainable than the DRA government if foreign assistance is withdrawn.

**Figure 1: DRA Revenue**



**Figure 2: GIRoA Revenue**



To its credit, the Afghan Ministry of Finance is frank about its shortcomings. The revenue department of its website explains the challenges:

Human capacity has been severely weakened by the years of conflict. Skill levels are low. Systemic corruption of tax officials is a serious threat to future tax collection...Methods, systems, and work practices to administer taxes are inefficient and do not reflect modern tax administration practices. There is no systematic assessment of taxpayer risk... Compliance with the tax laws is low and there is little voluntary compliance. Enforcement of tax laws is dependent upon provincial and state police with little controls and uncertain



---

accountability for actions. The level of coordination and cooperation between the General Presidency of Revenue and other ministries is low. Technical assistance for taxation administration needs to be urgently increased.<sup>33</sup>

The loss of foreign technical expertise is likely to reduce GIRoA's ability to raise revenue, just as the loss of Soviet advisors undermined the efficacy of SOEs in the DRA period. Revenue from SOEs fell dramatically when Soviet advisors withdrew and customs revenue collapsed when patronage networks diverted resources along the poorly defended roads from Afghanistan's borders to Kabul. Today, foreign technical expertise is critical for maintaining sophisticated customs systems that are central to Afghanistan's revenue stream. Reducing the number of foreign troops in Afghanistan may or may not undermine the security situation, but over the medium-term it is likely to be matched by reductions in the number and efficacy of foreign technical advisors for key government tasks, including revenue generation, thereby exacerbating the system's existing weaknesses. The Soviets built an economic system that functioned so long as they remained to support it; it failed when they did not. Post 2014 Afghanistan is likely to face similar challenges.

## Logistics

The DRA's primary supply line from the Soviet Union was the long road between Kabul and Hairatan, site of the Friendship Bridge and the best location for trucks and trains to enter the country from the former Soviet Union. Not surprisingly, the DRA's fiscal and political weaknesses were ultimately exposed in a dispute over this critical logistical hub. In January 1992, one month after the Soviet Union delivered its last major weapons shipment to holding areas in Hairatan, President Najibullah's brokerage strategy failed for good. For years, the Tajik commander at Hairatan, General Mumin, had diverted materiel and money to the northern powerbrokers General Rashid Dostum and Ahmed Shah Massoud. Najibullah had tolerated this informal taxation to avoid angering the

powerful warlords, both of which had settled into an uneasy truce with Kabul after the Soviet withdrawal. Strapped for cash and in desperate need of Soviet weapons to counter ongoing fights with recalcitrant mujahidin groups (including the Haqqani Network), Najibullah finally challenged Dostum and Massoud's protection racket: he tried to replace Mumin with General Rasul, a known Pashtun chauvinist. Mumin refused to abdicate and both Dostum and Massoud rose in revolt to support him.<sup>34</sup> The Afghan Civil War had begun.

Hairatan is increasingly important for the provision of foreign aid to Afghanistan today. Largely because of the unreliability of supply lines through Pakistan, ISAF and the United States have increasingly directed supplies along the Northern Distribution Network (NDN), a collection of routes that use Hairatan as a hub to enter Afghanistan.<sup>35</sup> Up to 75 percent of Afghanistan-bound goods now travel along the NDN, which has reduced ISAF's reliance on Pakistan. The route will likely be used for distributing aid to Afghanistan after international troops withdraw, increasing GIRoA's reliance on northern powerbrokers, who are likely to demand (or simply take) fees for the safe delivery of goods to Kabul, just as they did during the Soviet era.<sup>36</sup>

The 1992 Hairatan crisis undermined President Najibullah's tenuous hold on power and unleashed four years of warlord-driven civil war that ultimately allowed the Taliban to come to power. As, Barnett Rubin described it, "Najibullah's fall was due less to the onslaught of the mujahidin than to the loss of Soviet aid, which deprived him of the ability to control factionalism and ethnic conflict in his own ranks. Even while the state's power faltered, the political forces of society remained too fragmented to replace it."<sup>37</sup>

## The Bottom Line

It is difficult to estimate how much aid the Afghan government will need to fund key activities and allow enough financial leakage to placate regional and ethnic patronage networks. Academic estimates suggest that the

---

Soviet Union provided about \$4 billion per year after withdrawing.<sup>38</sup> The international community and Afghan government seem to have settled on a \$4.1 billion per year plan to support the Afghan National Security Forces after 2014, but that is only a portion of the overall amount the Afghan government will need to operate. That number also does not include the cost of maintaining U.S. diplomats, intelligence officers, and troops in the country after 2014. In other words, the actual cost of supporting the Afghan government after 2014 is likely to be substantially higher than \$4.1 billion.

In 2010/2011, total public expenditures in Afghanistan were \$17.1 billion, \$15.7 billion of which was provided by the international community. About \$6 billion of that aid went to non-security projects.<sup>39</sup> The World Bank recently estimated that Afghanistan would still require \$7.2 billion in aid per year in 2022 under the most favorable economic and political circumstances.<sup>40</sup> President Karzai suggested that Afghanistan would need \$10 billion per year for at least a decade after 2014.<sup>41</sup>

These estimates suggest that the United States' bill in Afghanistan will dramatically exceed \$4.1 billion, but even they do not include the cost of maintaining a U.S. military, diplomatic, and intelligence presence. The United States budgeted \$90 billion for military operations in FY2012, an amount that will decline dramatically after 2014 when the United States' footprint will be primarily Special Operations forces.<sup>42</sup> Still, a reasonable estimate suggests that if that force winds up around the six thousand troops that are being discussed—down from 90,000 currently—cost estimates of \$4 billion to \$8 billion per year are reasonable.<sup>43</sup> At the same time, the cost of State Department embassy operations in Afghanistan are likely to increase after 2014 because the State Department will increasingly rely on contractors for security rather than the U.S. military. In Iraq, the Administration's budget request for Iraq in FY 2012—after the U.S. military withdrawal—jumped to \$5.25 billion from \$1.7 billion in FY 2011. The budget request for Afghanistan in FY 2012 was \$2.2 billion,

which suggests that the cost of maintaining embassy operations after most troops withdraw will jump, conservatively, to \$5 billion and perhaps as much as \$7.5 billion.<sup>44</sup>

In other words, an admittedly back-of-the-envelope analysis of the cost of an American strategy for Afghanistan after 2014 that maintains a Special Operations capability, continues to support the Afghan government, bolsters the ANSF, and maintains major U.S. embassy operations will likely cost between \$13 billion and \$25.5 billion per year. The United States is likely to be responsible for providing the vast majority of those funds—certainly the \$9 billion to \$15.5 billion necessary to sustain U.S. diplomatic and military operations, and likely most of the direct assistance to the Afghan government as well.

## Conclusions and the Way Forward

Large, easily misappropriated foreign aid flows and the toleration of patronage networks circumventing the authority of the Afghan state have been critical to preventing civil war in Afghanistan. Corruption condemns the Afghan government over the long-run, but it is also baked directly into the system. One key reason is that the Afghan constitution over-centralizes government authority in Kabul rather than normalizing the regional patronage structures that shape Afghan society. The Afghan government has tried to co-opt regional powerbrokers, but rather than structuring official authority federally, which would facilitate that process, it endeavored to co-opt powerbrokers through electoral politics while centralizing *de jure* bureaucratic power.

These political choices are likely to have disastrous effects in the future because the conditions that have overcome the natural entropy in Afghan politics are likely to change. The Afghan government is likely to remain incapable of raising sufficient revenue on its own, but foreign aid amounts are almost sure to decline after troops withdraw in 2014. The promise of \$4.1 billion to support the ANSF may be



---

adequate to sustain a Spartan state capable of working with American troops that remain in the country, but it is almost certainly inadequate for strengthening Afghan institutions. This is quite similar to the situation that the Soviet Union left behind when it withdrew from Afghanistan. The DRA, backed by the Soviets, traded toleration of systematic graft for temporary peace; the Afghan government and international community are doing the same today. That suggests several conclusions:

First, Afghanistan's political instability leading to civil war is the biggest threat to long-run stability in Afghanistan, not the Taliban. The Taliban may threaten to dominate Kabul again, but that is most likely as a result of the Afghan government splintering and the ANSF collapsing as result. The relationship between Pashtun leaders in Kabul and the regional leaders that control access to key supply routes will be particularly volatile. That dynamic will shape future competition between the Karzai family and Gul Agha Sherzai in Kandahar and Nangarhar, through which the supply lines from Chaman and Landi Kotal pass. But it will be particularly important in Northern Afghanistan. Indeed, the dynamics of Karzai's relationship with remnants of the old Northern Alliance, embodied by Governor Mohammed Atta Noor and General Rashid Dostum, are critical. The last Afghan civil war began in a dispute over the key border crossing point at Hairatan; the next one could too.

Second, civil war in Afghanistan is likely if the international community reduces foreign aid, even if the Afghan National Security Forces are operationally competent. If the political accommodation that sustains the Afghan state collapses, so will the ANSF. While the U.S. is reportedly working on a \$4.1 billion/year package to support the ANSF, Afghan officials estimate Afghanistan will need \$10 billion per year for a decade after 2014 (an estimate that Afghan Deputy Foreign Minister Jawad Ludin says it is "a cost worth paying"<sup>45</sup>) and assuredly means that billions in taxpayer dollars will be stolen or wasted. A recent bipartisan Congressional report found that up to 29 percent of aid directed to Afghanistan and Iraq was lost to waste or fraud,

an amount potentially up to \$60 billion dollars.<sup>46</sup> Coupled with the cost of a still-substantial Special Operations presence in Afghanistan, annual costs for the international community for supporting Afghanistan are likely to range from \$13-\$25.5 billion annually—most of which is likely to be covered by the United States.

Third, Afghan warlords that steal aid and weaken the central Afghan government are responding reasonably to incentives. They are not evil; they are survivors. Nonetheless, their presence suggests that the international community must commit to Afghanistan on a decades-long timeframe in order to change the strategic calculus of warlords who face a powerful security dilemma. If they do not prey on the aid system in Afghanistan, their rivals still will, which could weaken a warlord's position in the future.

Fourth, coalition and bureaucratic politics make imposing a coherent anti-corruption strategy nearly impossible. The first lesson of counterinsurgency is that unity of command is critical—and that has never existed during the NATO operation in Afghanistan.

### Go Big, or Go Home

These conclusions suggest that a limited American commitment to Afghanistan in the future, marked by a \$4.1 billion commitment to the ANSF, is misplaced if the ultimate goal is Afghan independence and stability. That course of action, which in totality is likely to actually cost at least \$13 billion, is reasonable if the American goal is limited—to buy a bit more time in theater to target al-Qaeda in Afghanistan and Pakistan. But if the goal in Afghanistan is to produce an Afghan government that can sustain itself without that aid, this approach will likely fail. The course of action that might achieve that more expansive goal is also extremely expensive, not because of the annual costs associated are dramatically more than \$13 billion, but because such an approach must be implemented over many years. Lesser, but still substantial, commitments in the service of that goal are unlikely to succeed and should not be pursued. Go big, or go home.

<sup>1</sup> Anton Minkov and Gregory Smolnyec, "Economic Development in Afghanistan During the Soviet Experience in Afghanistan," *Centre for Operational Research and Analysis*, August 2007

<sup>2</sup> John Allen *Testimony to House Armed Services Committee* March 20, 2012

<sup>3</sup> Greg Jaffe "U.S., Allies, and Afghan Government Ready Plan for End of Combat Operations in 2014" *The Washington Post* April 18, 2012

<sup>4</sup> Antonio Giustozzi *War, Politics and Society in Afghanistan 1978-1992* (London: Hurst and Georgetown University Press. 2000) p. 10-32; Oleg Sarin and Lev Dvoretzky "The Afghan Syndrome" (Novato, CA: Presidio Press. 1993) p. 43-84

<sup>5</sup> Giustozzi 2000 p. 151

<sup>6</sup> Giustozzi 2000 p.184

<sup>7</sup> Giustozzi 2000 p. 239

<sup>8</sup> Barnett S. Rubin, *The Fragmentation of Afghanistan* (New Haven, CT: Yale University Press. 2002) p. 269

<sup>9</sup> Rubin 2002 p. 269

<sup>10</sup> Giustozzi 2000 p. 182-183

<sup>11</sup> Giustozzi 2000 p. 173

<sup>12</sup> Rubin 2002 p. 160

<sup>13</sup> Rubin 2002 p. 236

<sup>14</sup> Rubin 2002 p. 159

<sup>15</sup> Giustozzi 2000 p. 106

<sup>16</sup> Antonio Giustozzi "'Good' State Versus 'Bad' Warlords?" *Crisis States Research Centre* October 2004

<sup>17</sup> Justin Mankin "Rotten to the Core" *Foreign Policy* May 10, 2011

<sup>18</sup> Giustozzi 2000 p. 187

<sup>19</sup> EurasiaNet, *Afghanistan: Balkh governor trumpets security warning for northern Afghanistan*, 23 September 2009, available at: <http://www.unhcr.org/refworld/docid/4ac62c3c5.html> [accessed 16 May 2012]

<sup>20</sup> Dipali Mukhopadhyay "Warlords as Bureaucrats: the Afghanistan Experience" *The Carnegie Endowment for International Peace* August 2009; Yaroslav Trofimov

"Powerful Afghan Governor Challenges President" *The Wall Street Journal* November 6, 2009

<sup>21</sup> Maria Abi-Habib "Ethnic Militias Fuel Tension in Northern Afghanistan" *The Wall Street Journal* April 21, 2011

<sup>22</sup> Paul Fishstein "Winning Hearts and Minds? Examining the Relationship Between Aid and Security in Afghanistan's Balkh Province" *Feinstein International Center* November 2010 p. 16-17

<sup>23</sup> Institute for War and Peace Reporting, *Balkh Power Struggle Leaves Locals Fearful*, 29 September 2009, ARR No. 338, available at:

<http://www.unhcr.org/refworld/docid/4ac482c91a.html>

[accessed 15 May 2011] See also: EO12958 "Above the Law: Corrupt Governor Thwarts Governance and Development in Paktya Province, Afghanistan" December 27, 2009 <http://www.guardian.co.uk/world/us-embassy-cables-documents/241681>

<sup>24</sup> Fabrizio Foschini "The Enteqal Seven (7): Opportunities and Concerns in the North" *Afghan Analysts Network* September 12, 2011

<sup>25</sup> Justin Mankin "Rotten to the Core" *Foreign Policy* May 10, 2011

<sup>26</sup> Rubin 2002 p. 179

<sup>27</sup> Giustozzi 2000 p. 234;

<sup>28</sup> Giustozzi 2000 p. 234; Rubin 2002 p. 164; Quote from R.A "Afghanistan, 1990 AFP August 18, 1990

<sup>29</sup> Giustozzi 2000 p. 234

<sup>30</sup> Foreign assistance to the Afghan government comes in three forms: on-budget ordinary assistance, which is generally used for operations and general government functioning; on-budget development assistance; and off-budget assistance that is not distributed through the Afghan state but by foreign officials directly.

<sup>31</sup> "External Assistance to Afghanistan at a Glance 2002-2010" *Afghanistan Ministry of Finance*

<sup>32</sup> A World Bank study of Afghanistan's finances in 2010/2011 found that only 8 percent of total public spending, which includes both on-budget and off-budget expenditures on government services from both Afghan

---

and foreign entities, was derived from Afghan revenue.

“Transition in Afghanistan: Looking Beyond 2014 Presentation” *The World Bank* November 18, 2011

<sup>33</sup> Afghanistan Ministry of Finance Website.

<http://mof.gov.af/en/page/422> [Accessed 16 May 2012]

<sup>34</sup> Rubin 2002 p. 269-271

<sup>35</sup> For more, see: Andrew C. Kuchins and Thomas Sanderson (contributors: Daniel Kimmage, Joseph Ferguson, Alexandros Peterson, Heidi Hoogerbeets, and David Gordon) “The Northern Distribution Network and Afghanistan” *Center for Strategic and International Studies* January 6, 2010

<sup>36</sup> “Central Asia and the Transition in Afghanistan” *Senate Foreign Relations Committee-Majority* December 19, 2011

<sup>37</sup> Rubin 2002 p. 175

<sup>38</sup> Les Grau “Breaking Contact Without Leaving Chaos”

*Foreign Military Studies Office*

[www.fmso.leavenworth.army.mil/documents/Withdrawal.pdf](http://www.fmso.leavenworth.army.mil/documents/Withdrawal.pdf)

<sup>39</sup> “Transition in Afghanistan: Looking Beyond 2014” *The World Bank* November 21, 2011; Qayoom Saroush “Afghan Annual Budget from Design to Approval” *Bamdad* March 5, 2012 <http://www.bamdad.af/english/story/1644> Accessed April 18, 2012

<sup>40</sup> “Transition in Afghanistan: Looking Beyond 2014” *The World Bank* November 18, 2011

<sup>41</sup> Howard LaFranchi “Karzai: Afghanistan Will Need \$10 Billion a Year, but that’s a Bargain” *The Christian Science Monitor* December 5, 2011

<http://www.csmonitor.com/USA/Foreign-Policy/2011/1205/Karzai-Afghanistan-will-need-10-billion-a-year-but-that-s-a-bargain>

<sup>42</sup> Kenneth Katzman “Afghanistan: Post-Taliban Governance, Security, and U.S. Policy” *Congressional Research Service* April 4, 2012

<sup>43</sup> Kimberly Dozier “McRaven Plan Shifts Afghan Reins to Spec Ops” *The Associated Press* April 12, 2012

<sup>44</sup> FY2012 Budget Request: Appendix-Overseas Contingency Operations p. 137-141; Dan Froomkin “Massive US Embassy in Iraq Will Expand Further as Soldiers Leave” *The Huffington Post* November 16, 2011 (updated)

<sup>45</sup> Yaroslav Trofimov “Afghanistan Seeks Enduring Support” *The Wall Street Journal* November 29, 2011

<sup>46</sup> Ibid. “Transforming Wartime Contracting: Controlling Costs, Reducing Risks” *Commission on Wartime Contracting in Iraq and Afghanistan* August 31, 2011



© 2011 New America Foundation

This report carries a Creative Commons license, which permits re-use of New America content when proper attribution is provided. This means you are free to copy, display and distribute New America’s work, or include our content in derivative works, under the following conditions:

**Attribution.** You must clearly attribute the work to the New America Foundation, and provide a link back to [www.Newamerica.net](http://www.Newamerica.net).

**Noncommercial.** You may not use this work for commercial purposes without explicit prior permission from New America.

**Share Alike.** If you alter, transform, or build upon this work, you may distribute the resulting work only under a license identical to this one.

For the full legal code of this Creative Commons license, please visit [www.creativecommons.org](http://www.creativecommons.org). If you have any questions about citing or reusing New America content, please contact us.

<b>MAIN OFFICE</b> 1899 L Street, NW Suite 400 Washington, DC 20036 Phone 202 986 2700 Fax 202 986 3696	<b>CALIFORNIA OFFICE</b> 921 11 <sup>th</sup> Street Suite 901 Sacramento, CA 95814 Phone 916 448 5189



NEW  
AMERICA  
FOUNDATION

[WWW.NEWAMERICA.NET](http://WWW.NEWAMERICA.NET)