

Corruption in Helmand Province, Afghanistan

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Points Covered

- I. General Explanations of Corruption
 - II. Case Study: Lashkar Gāh, Helmand Prov.
 - III. Ex. # 1: Drug Trade & Corruption
 - IV. Ex. # 2: Development & Corruption
 - V. Development \$ & Drug \$ Cause Economic Imbalances
 - VI. Throwing Money at the Problem
 - VII. Recommendations
 - VIII. Conclusion
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I. Why Is Helmand Corrupt?

- “It’s their culture” is NOT the reason
- True, some Afghans tolerate minor corrupt practices (“tips,” “fees,” “material expression of gratitude”)
- But this is a description, not an explanation; WHY is this part of the culture?
- Afghans complain bitterly about major corruption, just like Americans would

Defining & Explaining Corruption

- All political systems combat corruption; those that fail become unstable & collapse
- Corruption: an **imbalance** between the supply of **wealth & regulating institutions**
 - Weak regulation + small supply of wealth = little corruption (ex. Barbados)
 - Strong regulation + large supply of wealth = little corruption (ex. Singapore)
 - Weak regulation + large supply of wealth = great deal of corruption (ex. Nigeria)

Regulating Institutions Are Weak in Afghanistan

Afghanistan Lacks:

- 1) strong government administrative oversight
- 2) broadly known legal code that defines & punishes corruption
- 3) educated, informed, & empowered citizenry
- 4) judicial system that actually brings anti-corruption cases to trial
- 5) executive system that enforces sentences
- 6) free press that exposes corruption

II. Case Study of Corruption in: Lashkar Gāh

- Capital of Helmand Province
- Near Surge in Marjah, Helmand
- Used as a case study because
 - Data is available
 - Allows for microscopic study of corruption at local level
 - Case study method a specialty of Anthropologists

Surge near Lashkar Gāh



Source: "American Forces in Afghanistan: Helmand Hath Less Fury?" *Economist* 11 Feb 2010

Examples of Corruption

➤ I. Drug Trade:

- Police & gov't. officials extract “fees” from poppy growers
- Police & officials protect drug trade rather than help eradicate it

➤ II. Private Benefit from USAID Development Projects by local gov't. officials

III. Drug Trade: Background

- Main Crops in Lashkar Gāh area from 1960 – 1989 were: wheat, cotton, fruit
- Poppies first introduced & sustained by warlords (1989-94)
- Poppies tolerated & then banned by Taleban (1994-2001)
- Poppy production dropped twice (2002, 2004) under US but then soared

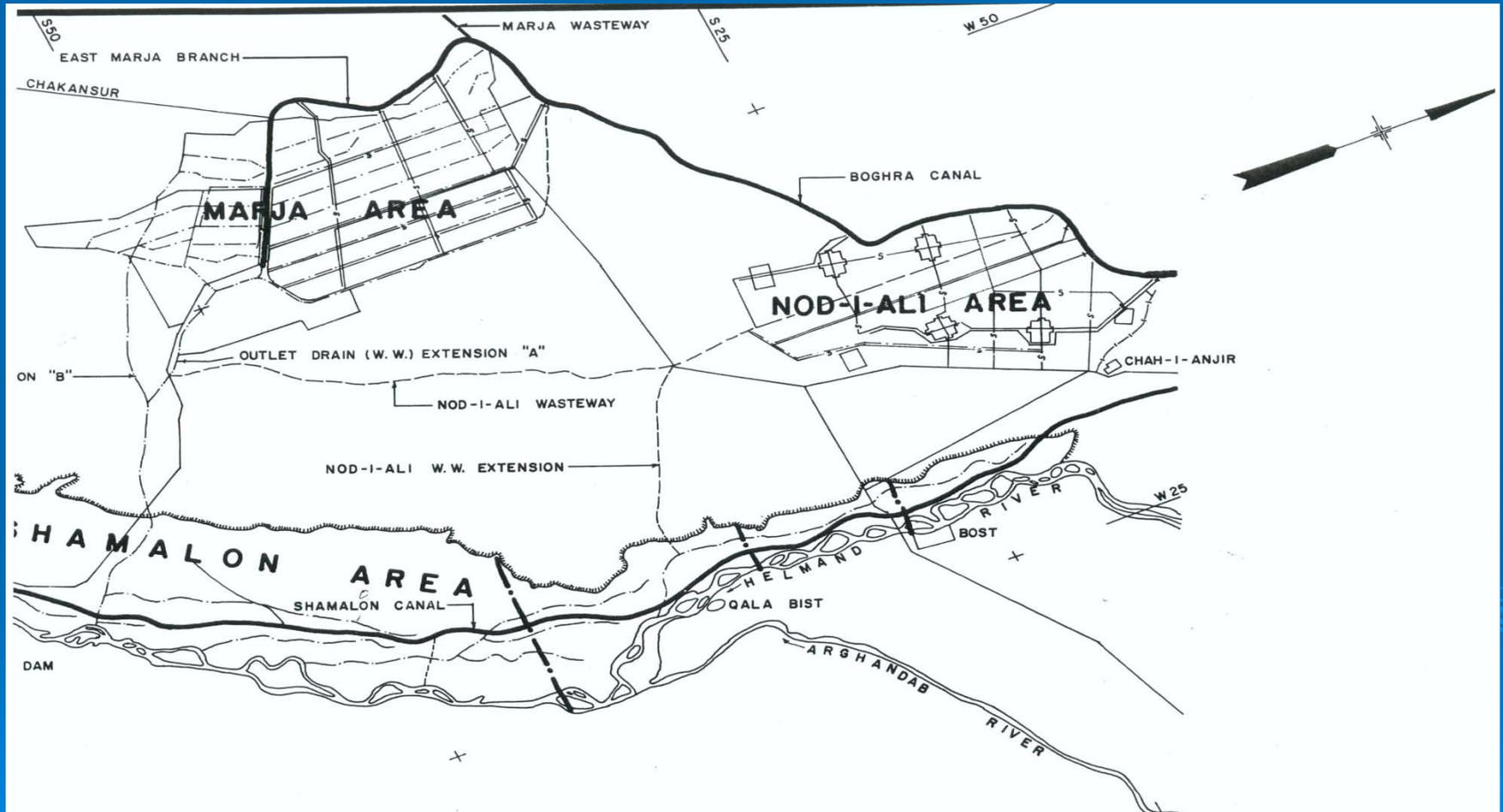
Why Did Drugs Return? Politics

- Mojāhed Warlord who introduced opium to central Helmand in the first place: Mohammad Nasīm Akhundzāda
- His nephew -- Sher Mohammad Akhundzāda -- appointed Governor of Helmand (2001-05) by Hāmid Karzai
- Governor dismissed in 2005 due to British pressure – but still influential

Infrastructure & Drug Trade

- Lashkar Gāh Site of vast USAID Irrigation Project (~1950-72) that made cotton & wheat production possible in arid climate
- Project infrastructure damaged by mojāhedīn during attacks on socialist regime (1975-1992)
- Cotton ginning & Flour milling stopped under Taleban (1994-2002)

Irrigation Infrastructure



Roads, Rivers, Irrigation Canals



Farmers' View of Poppies

➤ For farmers, poppies are good:

- Currently bring much higher income than wheat, cotton because prices for these crops are very low
- Tolerate salty soils & sparse water in damaged irrigation project
- Taliban buyers offer credit to farmers in addition to high prices

➤ And bad:

- Harvesting opium paste much more laborious than harvesting cotton, wheat
- Drugs are forbidden by Islam (Scott 2008:7)

Who Else Benefits from Opium?

- Taleban – who collect “taxes” from farmers when they sell their opium crop
- Corrupt Gov’t Officials and Police – who collect “protection money” from farmers in exchange for diverting eradication programs away from opium fields
- Absentee Landlords – who collect a share of profits from sharecroppers working their lands

Farmers Will Switch to Other Crops If They Get:

- Repairs of irrigation & drainage system, to provide more water & reduce soil salinity
- Repairs of farm-to-market roads, to facilitate marketing of cotton, wheat
- Jobs as laborers in repair efforts (rather than giving jobs to foreign companies)
- Reasonable prices for cotton and wheat (i.e. price supports) (Scott 2008:7)

Farmers Ask for Price Supports during Meeting, Oct. 2006

- “During the series of banal speeches by the governor, the crowd grew audibly restless... But when asked to comment, they shouted ‘But there are still no alternatives to poppies!’ and, for the thousandth time, ‘Why not just raise the price of cotton?’ The governor and his ministers took notes, sweating profusely about the head and neck.” (Higgins 2007)

Recommendation: Crop Price Supports

- Raise prices for cotton & wheat by giving subsidies to Afghan government.
- Make payment of subsidies conditional on verification that farmers actually get a good price for licit crops; verify via
 - Crops sales receipts
 - Aerial surveillance of poppy crop. A wheat field is roughly double the width of one for poppy. When wheat becomes more profitable than opium, poppy fields will shrink
 - Visual inspection by police (Scott 2008:13-17)

Ground truth using aerial photographs



Aerial photo taken on 28 March 09 over Nadi Ali district of Hilmand province



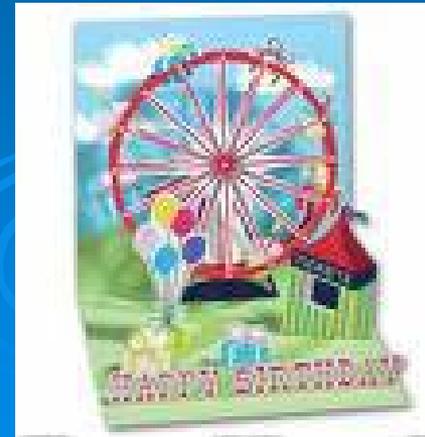
Satellite image of same area acquired on 11 April 09 showing poppy and wheat field in distinct tones

Why External Oversight Is Needed

- In Industrialized World, organized farmer groups could force gov't buyers to sell cotton & wheat at legal prices
- But in Lashkar Gāh it is hard for farmers to organize & form pressure groups
 - Some are settlers brought into the area during the 1970s from other parts of Afghanistan and have no local tribal supporters
 - Many are sharecroppers and fear that landlords will throw them off their lands
 - Most fear Afghan Nat'l Police as much as they fear the Taleban

IV. Development Projects

- Some new development projects do benefit the farmer
 - \$50 million for upgrading roads from fields to markets
- Many do not benefit the farmer
 - \$1.5 million for improving local airport
 - £420,000 for Bolān Park for Women (Ferris Wheel included!)
 - 2 sports stadiums



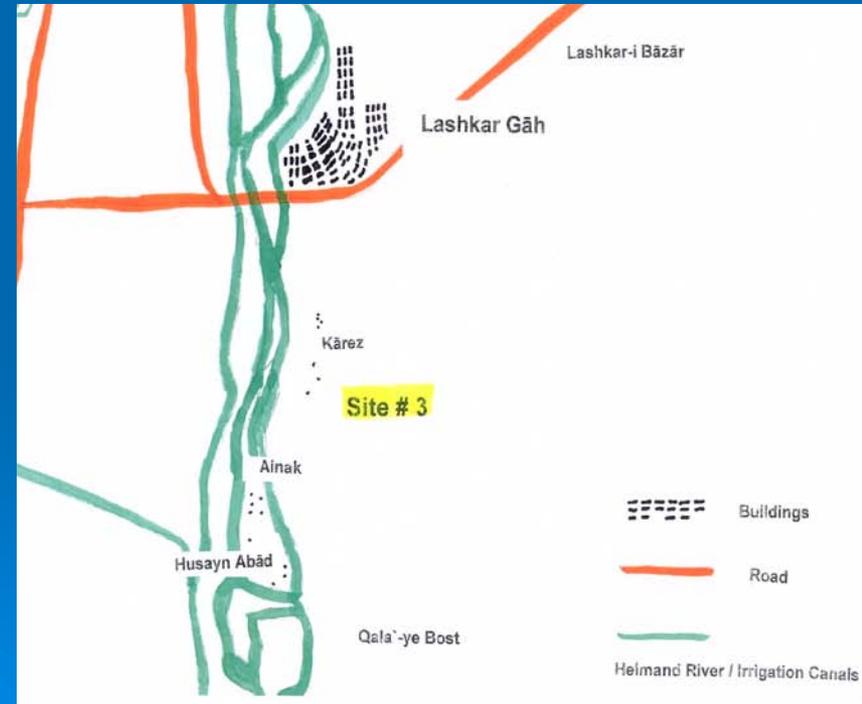
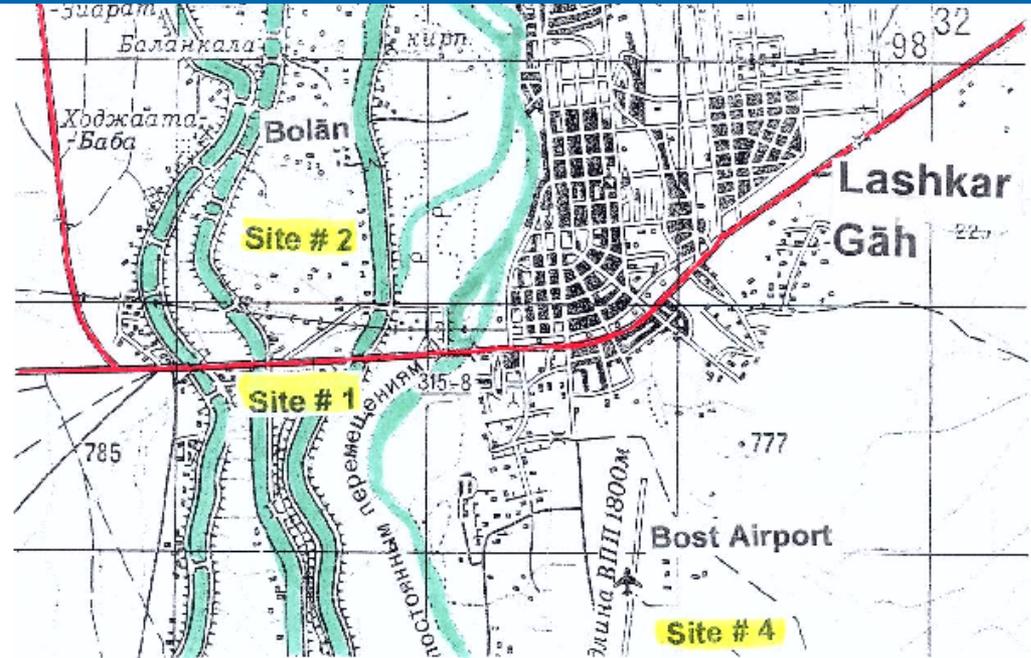
Case of Development & Corruption

Selection of Site for USAID's Helmand Agriculture Center Leveraged by Officials to Generate Financial Gain

4 Sites Originally Considered:

- 1) vacant Afghan Army radar base
- 2) site in nearby town of Bolān
- 3) site near village of Aynak
- 4) site adjacent to Bost airstrip

Sites Proposed for USAID Project



Site # 1 Evaluated as Best

- 1) Close to main roads
 - 2) Near vegetable & livestock markets
 - 3) Adjacent to other USAID agricultural projects
 - 4) Close to electric & water facilities
 - 5) Security not a problem
- 

Other Sites Bad Because

- # 2 site lacks roads & electricity sources
- # 3 site far from city & too close to village of Ainak (Taleban stronghold, insecure)
- # 4 site lacks
 - paved road access
 - electrical service
 - water
 - Any other economic development activity on adjacent property or in the area

BUT: Best Site (# 1) Blocked

- Mayor issued permits for cronies to buy land at Site #1 & gave them title deeds
- Mayor “appropriated” USAID site plans from a different development project in another province and applied it to Site # 1
- Moves done in early 2007, as soon as Site #1 identified as the best one for project
- Real estate speculators wanted USAID to develop Site #1 in a way that would benefit them, not as planned; thus they blocked the Helmand Agricultural Station

Worst Site (# 4) Chosen

- “[I]n June 2007, despite the clear commercial argument for the Bolan Radar Base site...[the USAID subcontractors].. were instructed to proceed with the industrial park at the airport site.”

Source: USAID/ Chemonics International, Inc. “Lashkar Gah Bost Airport and Agriculture Center, Helmand Province, Afghanistan: Environmental Assessment.” October 2008. Appendix 6: Site Selection Process (pp. 31-34). http://pdf.usaid.gov/pdf_docs/PNADN048.pdf

Development Goes Ahead; Mayor & Cronies Benefit

- Despite local corruption, USAID continues to pour \$ into area near Site # 1
 - \$3 million poultry farm in Bolān opened by USAID in 2009
 - Value of land soars

V. Development \$\$ & Drug \$\$ Cause Economic Imbalances

- Lashkar Gāh now has some of the most expensive houses in Afghanistan
- A property selling for \$300,000 in 2007 would have gone for \$50,000 in 2002 and would have cost \$20,000 under Taleban
- Policeman's monthly salary = ~ \$50/month
(Albone 2007)

Real Estate Inflation Very Hard on Local People

VI. Throwing Money at the Problem

Council on Foreign Relations, proposes the following solution for the Drug Trade:

- “[...][an expansion of...] the Counter Narcotics Trust Fund to give rewards that better reflect a province’s advances against narcotics. Current sums are woefully inadequate. Giving Afghan governors \$2 million for development if their province goes poppy-free is no incentive at all if a province generates \$100 million in drug revenue. More importantly, the trust fund should create a new reward category that doles out development funds to provinces that show substantiated declines in trafficking, not just cultivation. This will encourage Afghan district and provincial-level officials to suppress smuggling and processing of opium and discourage official collusion in the opium economy.” (Gavrilis 2010)
- In other words: pump more money into the Afghan political system

Are More Councils Needed?

- In 2007 USAID reported that it has set up:
 - “...some 18,250 Community Development Councils...in over two-thirds of the nation’s villages, and block grants have financed small-scale rural infrastructure and development projects. This is one of the few programs in Afghanistan which has clearly delivered results in the eyes of rural people. ...These CDCs... have strong local ties, can implement local projects,.... and may potentially serve as development platforms to...channel support from national programs and agencies.”
- BUT – Who are the Afghans on these councils? How do they decide how to direct development money? What prevents them from being corrupted?

Poorly Regulated Development in Insecure Environment Not Efficient

- Britain's Dept. for Internat'l Development (DfID) found in 2009 that "for every \$100 spent only \$20 actually reaches Afghan recipients... 15-30 % of aid is spent on security for agencies." (Coghlan 2010)
- USAID internal audit (Dec 09) concurs: "We are spending too much money, too fast with too few people looking over how it is spent."

VII. Recommendations

- Focus aid on farmers, not cities;
- Get \$\$ into farmers' hands directly through price supports for cotton, wheat;
- Beef up US oversight of development in Helmand
- Fund more small, widely-scattered rural development projects (large urban projects make corruption worse)
- Use local labor, not foreign contractors

VIII. Conclusions

- The regulatory capacity of the Afghan government is currently too limited to let it absorb huge sums for economic and agricultural development; pumping in more money creates more corruption
- If our goal is to improve Afghan governance, economic development should be better regulated & small-scale

IX. Questions?



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