Money and War:
Corruption as the Hidden Enemy
of Mission Success

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20 January 2015

1 Corruption, Instability, and Effectiveness of Stabilization Operations: The Vicious Cycle

Corruption, instability, and conflict tend to go hand in hand. Twelve of the fifteen lowest-ranking countries on Transparency International's Corruption Perceptions Index are currently experiencing violent insurgencies, extremist activity, or other signs of deep-seated instability.[1] Systemic, embedded corruption is a thread that runs through such seemingly disparate events as the outbreak of the Arab Spring, the conflict in Ukraine, the failure of the Malian army in 2012, the growth of Boko Haram in Nigeria, and the retreat of the Iraqi security forces in the face of ISIS. However, the effects of corruption are not limited to exacerbating the risk of conflict; corruption also makes it more difficult for states to respond to threats and for international institutions and other actors to offer effective assistance.[2]

Assistance to fragile and failing states tends to include two types of engagement: international peacekeeping and/or stabilization operations and defense capacity building (i.e. assistance to the recipient states' security forces). But without anticipating and mitigating the risks that corruption poses, the international community risks the intent of security assistance being subverted, the assistance wasted, and the success rate of stabilization operations being severely impaired. In particular, misappropriation of funds, vanishing resources, and a reliance on malign power-brokers can irreparably damage the operational success of a mission.

This article is based on the research investigating the international community's approach (or lack thereof) to tackling corruption in Afghanistan carried out by Transparency International UK's global Defence and Security Programme (TI-DSP) and based on over 75 interviews with civilian and military officials. This work is supported by insights from TI-DSP's long-term engagement in the Building Integrity training for the Afghan National Army and Afghan National Police.[3] In the resulting report, we argue that corruption has had a significant impact on ISAF mission success and that the international community's reaction to corrupt practices was too little, too late. We point to three main ways in which corruption and uncontrolled money flows can diminish the effectiveness of the mission and offer a planning and risk assessment framework as the first step toward addressing corruption risks on operations.

2 Corruption on Operations: Three Pitfalls

The need for a thorough evaluation of the threat that corruption poses to our models of stabilization is clear if we look back at the experience of the international mission in Afghanistan. There are three key ways in which money and war can become locked into a symbiotic relationship that perpetuates state vulnerability to violence and undermines stabilization efforts:

1. Pumping project funds – whether civilian or military – into unstable environments without adequate controls;

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[1] "Corruption: The Unrecognized Threat to International Security." Carnegie Endowment for International Peace: Working Group on Corruption and Security, 2014, 13

[2] Viola Gienger, 'Corruption: Sleeper Threat to International Security', United States Institute of Peace 3 July 2014, http://www.usip.org/publications/corruption-sleeper-threat-international-security, accessed 6 January 2015; Pamela Dockins, 'Corruption Worries Complicate Nigeria's $1B request to Combat Boko Haram', Voice of America 18 July 2014, http://www.voanews.com/content/corruption-worries-complicate-nigeria-request-for-1-billion-to-combat-boko-haram/1960643.html, accessed 6 January 2015.

[3] "Corruption: lessons from the international mission in Afghanistan", Transparency International UK Defence and Security Programme, February 2015.

2. Operating in kleptocratic systems; and

3. Investing in security sector reform (SSR) in war-torn states without taking corruption into account

Issues of international funds, instability, kleptocracy, power struggles and SSR were deeply linked in Afghanistan. It is time that policy makers and operational planners start taking these issues into account, and examining how they can be addressed. In an interview for TI-DSP's study on Afghanistan, an anonymous interviewee urged future policy planners to "*see if they can get to a more inclusive political order through how we spend our money, with how we engage, which leaders we empower and really understand the drivers of. . . conflicts.*"

2.1 Pumping project funds – whether civilian or military – into unstable environments without adequate controls

In the course of our research on Afghanistan we have repeatedly come across concerns over the use of "burn rates"—the amount of money spent—as the criterion for assessing commitment and success. At times, the desire to be seen "doing something" can override legitimate concerns, including those surrounding accountability and corruption.

> *[T]he only way currently to demonstrate that [something] is a priority is by budgeting more money for it.*
>
> -Anonymous interview

The "doing something" mentality can hurt monitoring and evaluation, two key tools for reducing corruption risk. When inadequate controls are in place, it can mean that large sums of money from the international community are allowed to change hands in extremely unstable and factionalized environments. This can have the knock-on effect of empowering malign actors, fuelling power struggles, and enriching a few to the detriment of the security of the majority.

The scale of this problem became steadily apparent in Afghanistan, but only limited measures were ever introduced to tackle it. The painstaking tracing of aid and contracting flows in Afghanistan undertaken for the 2010 'Warlord, Inc.' report to Congress showed that due to lack of safeguards and tracing, U.S. military funds were indirectly reinforcing the coffers of warlords and insurgents.[4] The report prompted public outcry, resulting in the creation of Task Force 2010, an inter-agency force tasked with tracking corruption and fraud among contractors. The task force had considerable success in identifying problem contracts and encouraging better behavior, but its mandate was never extended to cover contracts held by non-U.S. firms. Overseeing contracts also fell outside the mandate of the specialist anti-corruption agency Shafafiyat, leaving financial control mechanisms completely inadequate for such a challenging and unstable environment.[5]

Given the potential for non-monitored funding to fuel instability and subvert the intent of

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[4]US House of Representatives. Subcommittee on National Security and Foreign Affairs, Committee on Oversight and Government Reform. Warlord, Inc.: Extortion and corruption along the US supply chain in Afghanistan. By John F. Tierney (Washington, D.C: Report of the Majority Staff, 2010).

[5]"Corruption: lessons from the international mission in Afghanistan", Transparency International UK Defence and Security Programme, February 2015, 14.

aid, achieving concrete project goals must take priority over the speed and scale of funds being distributed. The message "Spend less, and spend transparently" should be taken up by policy planners as the international community looks back at a decade and a half of engagement in Afghanistan. Stronger oversight, combined with the right mind-set, can help prevent such large-scale misappropriation of international funds.

2.2 Operating in kleptocratic systems

One of the deepest and most painful lessons from Afghanistan is that once corruption reaches a certain level, it ceases to be an aberration of the system and becomes the system itself. For example, the buying and selling of posts in the Afghan National Army has led to a cycle of extortion becoming institutionalised. High-ranking officials exacted money from those below them to pay off loans for their positions; those below them in turn offset their costs by shaking down citizens.[6] When high levels of systemic corruption prevail, oversight over resources and the integrity of institutions becomes increasingly challenging.

Research aiming to calibrate the scale of 'kleptocratic' state capture and its impact on national and international security is still in its initial phase, but it is already clear that where corruption grows into kleptocracy, the state can be hollowed out until illicit flows of money are the only vehicle keeping the state running.[7] Directly paring institutionalized factionalism, or the control of state resources for the benefit of a few over the majority, with the outbreak of civil violence, has a 50% success rate in predicting instability.[8]

> *[I]f you removed corruption from the Afghan government, it would collapse. Corruption is sustaining the network.*
>
> -Anonymous interview

When state structures are captured, the influx of money from external sources is likely to fuel the system.[9] The first step in addressing this problem is to understand the political nature of corruption, and to map power flows and the distribution of resources in a country. Once this understanding is developed, planners can more accurately develop mechanisms to provide funds without allowing systemic corruption to undermine their efforts at stabilization.

2.3 Investing in SSR in war-torn states

Corruption and lack of transparency in the defense and security sector can be particularly pernicious as it undermines a state's ability to protect its citizens. Where corruption is present in defense and security forces, these forces can themselves become a threat to the

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[6]"Corruption: lessons from the international mission in Afghanistan", Transparency International UK Defence and Security Programme, February 2015, 52.

[7]Sarah Chayes, "Corruption: The Unrecognized Threat to International Security," Carnegie Endowment for International Peace Working Group on Corruption and Security, http://carnegieendowment.org/files/corruption_and_security.pdf

[8]Monty G. Marshall and Benjamin R. Cole, "Global Report on Conflict, Governance, and State Fragility 2008," in Foreign Policy Bulletin 18, no. 01 (2008), 6.

[9]Sarah Chayes, "Corruption: The Unrecognized Threat to International Security," Carnegie Endowment for International Peace Working Group on Corruption and Security, http://carnegieendowment.org/files/corruption_and_security.pdf, 6-7.

personal security of the population. Tackling corruption in post-conflict states' security forces is a particular challenge, as it often requires not only specific anti-corruption training, but also basic institution-building measures to be implemented. Systemic corruption at the top compounds the problem as it often prevents the payment of fair and regular salaries, which in turn begets need-based corrupt behavior.[10]

> *The person who discovers a way of training a police force in a post-conflict country would deserve a Nobel Peace Prize.*
>
> -Anonymous interview

A major concern to come out of the Afghan experience was that developing technical and operational capabilities and the provision of equipment were prioritized over the broader development of the security sector. As a result, there was too little focus on developing the administration, systems and structures to support the sustainability of the sector. One concern is that the rapid rotation of the international military training staff restricts institutional learning, meaning that opportunities to streamline the process of reforming the security sector are limited.

Factionalism, nepotism and patronage can quickly take root where institutional structures are weak or lack legitimacy. Investing large sums of money into building and training security forces in post-war environments without taking care to build integrity into both the institutions and the training of personnel leaves the sector at risk of remaining corrupt and unable to provide a stabilizing presence on the ground once international forces leave and oversight is dramatically reduced.

3 Policy Proposals for the Future

1. *Be explicit about the threats from corruption from the outset*

Getting anti-corruption measures into mission madates is paramount. In addition, mapping financial flows and powerbrokers should be a key aspect of planning a mission so that measures can be put in place to mitigate the risks they pose. Once an operation is fully underway, changing course becomes increasingly difficult.

2. *Better equip policy makers and implementers*

Corruption as a risk to stability is coming to the fore, in particular due to the attention paid to events in Iraq, Nigeria, and Afghanistan. Those in charge of developing policy and running operations must have resources and access to information in order to fully understand corruption risks.

3. *Ensure robust international alignment*

Military, diplomatic, and aid communities need a unified policy line on addressing corruption threats on international missions. Without coherence and cooperation across the full spectrum of assistance-givers, robust policies that are able to withstand the pressures of an

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[10]"Corruption: lessons from the international mission in Afghanistan", Transparency International UK Defence and Security Programme, February 2015, 74-75; TI-DSP forthcoming report on security assistance to the Malian armed forces [title TBC, 2015].

unstable environment cannot emerge, leaving international responses to corruption threats disjointed and ineffective.

4. *Spend less, and spend transparently*

Money is not always a solution and can, as discussed above, enable and entrench corruption. Spending decisions should be made carefully, subject to detailed oversight, and made public. Transparency is a requirement for accountability.

5. *Maintain oversight and transparency*

One of the greatest innovations to come out of the intervention in Afghanistan was a joint national-international, independent committee of experts to monitor and evaluate national progress on anti-corruption initiatives (MEC).[11] This body, supported by a strong secretariat, provides a unique model of reporting to the public, Parliament, President, and international community, providing the pressure required to maintain an appetite for tough reforms.

These changes are the minimum necessary to make meaningful progress in tackling corruption and its impact on international security and stability. Above all, those who plan and execute military interventions and security assistance programmes must view both preventing and fighting corruption as an integral part of the mission throughout its duration.

About the Authors:

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[11]"Corruption: lessons from the international mission in Afghanistan", Transparency International UK Defence and Security Programme, February 2015, 13, Independent Joint Anti-Corruption Monitoring and Evaluation Committee, http://www.mec.af/