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“Oversight Hearing on Corruption in Afghanistan”

Subcommittee on State, Foreign Operations, and Related Programs

Committee on Appropriations

House of Representatives

Rayburn 2359

July 28, 2010, 10:00 AM

The Subcommittee on State, Foreign Operations, and Related Programs held a public hearing addressing corruption in Afghanistan. The committee, headed by **Chairwoman Nita M. Lowey** (D-NY), requested the testimony of two witnesses: **Richard C. Holbrooke**, Ambassador and Special Representative for Afghanistan and Pakistan; and **Dr. Rajiv Shah**, USAID Administrator.

In her opening statements, **Chairwoman Nita M. Lowey** described two key points on Afghanistan: first, she asserted that “corruption is endemic”; and second, she insisted that oversight programs must therefore be improved. She also emphasized that there is great need to increase civil service programs in Afghanistan, arguing that questions remain over Karzai’s commitment to the goals outlined for the country. Asking how the U.S. should hold the Karzai government accountable, Lowey stressed the need for training local governments and committing to capacity building, and urged the Afghan government to reach certain benchmarks before appropriations can be increased from 20% to 50%.

Concurring with Chairwoman Lowey, **Rep. Kay Granger** (R-TX) stressed that any U.S. assistance program in Afghanistan must achieve tangible and transparent results. In her view, increasing the number of staff does not necessarily entail greater oversight. To achieve the goals set by the United States government, Granger argued that the U.S. must collaborate with a reliable partner in the Afghan government that can ensure “transparency and delivering results to the Afghan people.”

Ambassador Richard C. Holbrooke opened by addressing the recent “wikileaks,” saying that while “the leaks themselves are pretty appalling” and “inexplicable,” he did not feel that they “reveal anything that changes things.”

While recognizing that no system is foolproof, **Dr. Rajiv Shah** expressed his conviction the current program in Afghanistan is “robust.” Shah suggested that the U.S. and international community have indeed made significant improvements in accountability and transparency monitoring through working closely with the Afghan government and third party supporters. However, he pointed out that overall success could only come with commitment from the government.

Chairwoman Lowey questioned **President Hamid Karzai**'s commitment to his promises, saying that his actions do not reflect his words. In that regard, Lowey asked how the U.S. could make certain that the Afghan government has not put programs in place simply to appease the international community, and whether such programs would be translated into actual law or would result only in "hollow" promises. In response, **Holbrooke said that while these programs are not enough, they are a start, reminding the committee that the circumstances and the history of the country render progress difficult.** Nevertheless, Holbrooke assured the Chairwoman that the state has been working hard to address those exact challenges.

Dr. Rajiv Shah argued that the programs are the right approach at this time and represent the only means to achieve accountability and transparency in Afghan governance. He also pointed out that the **programs are not simply designed to "hand out money to the ministries," but rather are committed to training civil servants in critical areas.** Shah also said that there is **not only a need for government commitment, but also for third party audits that help make independent assessments and ensure that the "metrics and numbers" are met.** Finally, Shah noted that **the goal is to increase the capacity of these programs so that Afghan ministries and institutions can function independently.**

Rep. Adam Schiff (D-CA) expressed little concern over building infrastructure and capacity for these programs, and showed skepticism over whether or not "Afghans can hold" and commit to these goals once the U.S. leaves, expressing a concern that the Taliban could gain ascendancy again.

Holbrooke affirmed that the real process is "clear, build, hold, transfer," indicating that the projects' objectives will only work if Afghans take over the responsibility of these programs. Nevertheless, Holbrooke pointed out that even with the U.S. military gone, **a long-term economical and security commitment is needed to achieve the objectives laid out for Afghanistan.** He also reminded the committee that the "pace and scope of our withdrawal will be based on the improvement in the country." Addressing various reasons for such a long-term commitment, Holbrooke argued that 85% of the Afghan police force is illiterate and that rule of law is extraordinarily difficult to achieve in the country, while reminding the committee that the government is nonetheless committed overcoming such challenges.

Rep. Barbara Lee (D-CA) opened her remarks by saying that **"it is time to end the longest war in American history."** Concerned with increasing corruption in Afghanistan, **Lee pointed out that the U.S. "military footprint" is a significant contributor to the corruption.** She also expressed her concern over recent remarks made by the Special Inspector General for Afghanistan Reconstruction, **Arnold Fields**, in which he indicated that NATO and the U.S. had made little effort to address the issue of international funds being tunneled to the Taliban. **Dr. Rajiv Shah eventually responded to Lee's concern, saying, "We are constantly looking at subcontracts of subcontracts," and asserting that USAID is on top of the issue of money flow going to the Taliban.** Shah nevertheless said that he was not aware of the specific allegations that Lee was addressing.

Responding to **Rep. Steve Rothman's** (D-NJ) concern over Pakistan, **Holbrooke** said that **the U.S. and Pakistan have undergone “two marriages and three divorces,”** but that recent meetings with the Pakistani government have shown “drastic” changes in their receptivity towards working with the United States on Afghanistan. However, Holbrooke mentioned that **it is not Pakistan alone that has significant influence over developments in Afghanistan, saying that Tajikistan, Turkmenistan, and other neighboring states play instrumental roles as well.**

Rep. Ben Chandler (D-KY), argued that while the war in Afghanistan was “a war of necessity,” he remained skeptical of U.S. prospects for success in the country. **Holbrooke** replied, “I don’t want to waste time going back to 9/11, but that is why we are there.” Holbrooke acknowledged the difficulties ahead, but said he felt sure that success is possible if the U.S. makes sure to “improve the afghan government.”

Rep. Steve Israel (D-NY) argued that “if you want to win in Afghanistan you have to give the people an alternative,” and then “protect the alternative.” In that regard, he praised the “one and only successful program” in Afghanistan – the **National Solidarity Program** – which he said achieved results because it was “made by the people of Afghanistan.” Holbrooke expressed his agreement with that statement, saying that even though Afghans do not like the Taliban, they will need long-term American commitment to the country in order to prevent a scenario of Taliban reemergence.

Addressing the issue of money leaving Afghanistan, **Holbrooke explained that the country does not have a functioning banking system, and 95% of its current economy is based on cash, much of it illicit drug money.**

In her final remarks, **Chairwoman Lowey** stressed the need to **make sure that appropriations reach the right hands and the right programs, with sufficient oversight that will enhance accountability and commitment from the Afghan government.** She remarked that she was “somewhat encouraged” by the Afghan government’s commitment to achieving the established goals, but expected to see that commitment translated into practical action resulting in measurable and tangible results.