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Corruption, Complacency Are Ruining Afghanistan's Economy

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Afghanistan's political life languishes and no one seems to care about the law. This uncertainty and lack of care for the people's business has brought the country's tiny legal economy to a complete standstill, resulting in growing joblessness and bolstering already pervasive poverty.

Fifteen months after Afghanistan's first-round presidential elections on April 5, 2014, the cabinet of ministers remains incomplete. Other essential positions, such as the chief justice of the Supreme Court and the attorney general, are still not filled. Parliament's term has expired, rendering the body's continued sessions and decision-making unconstitutional. Yet, parliamentary elections have been indefinitely delayed.

The disunity of the "unity-government" is only one irritant plaguing Afghanistan's economy. The more perilous and enduring curse is the country's absolutist institutions, some of the political and power elite's blatant disregard of property rights, and officials' contempt for traders and entrepreneur. This impediment forces businessmen into acquiescence and ready submission to corrupt demands of political and bureaucratic leaders.

Former President Hamid Karzai and his cronies pursued this inequitable condition to the fullest, one of the reasons that made Karzai's regime one the most corrupt on the planet. The fact that the CIA regularly sent Karzai bags full of cash buttressed the regime's conviction that in the West, too, officials lined their pockets at the expense of the people. Since the money was in cash and receipts were neither demanded nor received, Karzai and his cohorts concluded that CIA officials took a cut for themselves before handing over the money.

After the expenditure of more than \$100 billion for Afghanistan's economic rehabilitation, most observers wonder where the money went. Here are a few examples where the money went: It went to the likes of one of the then President Karzai's relatives whose life condition changed within a few years from being an average American restaurant operator to one who resided in a multimillion-dollar villa in Dubai and had his guests served by liveried butlers.

The money went to a buddy of the Karzai brothers who manipulated a USAID bid for two power plans, and subsequently installed inferior generator sets than had been prescribed. Despite having received written instructions that the imported equipment couldn't be shipped through Iran because of American-imposed sanctions, he violated American law by having the equipment shipped through the pariah country.

The money went to a minister who colluded with a Russian company, which had been contracted to repair and upgrade Afghanistan's largest hydroelectric power plant. Cooperating with the company, the minister approved false progress reports, enabling the company to cash most, if not all, the contract amount without having completed the job.

And here is the strangest part: USAID was informed of the manipulation of the bid, the installation of low-grade generator sets, and the shipment of the equipment via Iran. It did nothing. Even the office of the Special Inspector General for Afghanistan's Reconstruction (SIGAR) investigated this unambiguous case of fraud but finally closed the file and chose to remain silent.

The World Bank, which was paying for the repair of the hydroelectric power plant, was also informed of what had transpired in that case. It, too, did nothing about it. The work on Afghanistan's largest hydroelectric power plant has remained unfinished, while the U.S. and the international community spend public money to purchase electricity from Afghanistan's neighbors so that at least Kabul, the capital city, has some power.

The question as to why USAID and the World Bank decided not to act in these cases remains unanswered.

These are a few examples. There are uncounted others. The sum of all this is that after 13 years of massive financial help, a few Afghans have become very rich and some companies have been overpaid for shoddy work or for jobs they actually didn't do. It is no wonder that Afghanistan is very far off from a self-sustaining economy and heavily depends on foreign financial handouts.

Drs. Ghani and Abdullah must set their disagreements aside for only a decisive government could tackle Afghanistan's dire political and economic conditions. The two leaders have sworn to serve the interest of their poverty-stricken people. They must act accordingly.

Dr. Ghani, who has worked for the World Bank, should know that developing Afghanistan's economy requires massive amounts of foreign private investment. Without the inflow of such funds, the country will neither be able to resuscitate its economy nor to wean itself off from foreign subsidies.

However, to attract private investment, the Afghan government must depersonalize the law and base it on institutions. It must democratize government institutions and prosecute decisively major cases of corruption and institute an ethical approach toward financial and economic matters.

Without such reforms, Afghanistan will remain a failed state and a ward of the international community. The Afghan people deserve better.