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Tom Dispatch

## How to Pay Off Afghan Warlords

By Pratap Chatterjee  
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### **Anatomy of an Afghan culture of corruption.**

Kabul — Every morning, dozens of trucks laden with diesel from Turkmenistan lumber out of the northern Afghan border town of Hairaton on a two-day trek across the Hindu Kush down to Afghanistan's capital, Kabul. Among the dozens of businesses dispatching these trucks are two extremely well connected companies—Ghazanfar and Zahid Walid—that helped to swell the election coffers of President Hamid Karzai as well as the family business of his running mate, the country's new vice president, warlord Mohammed Qasim Fahim.

Some of the trucks are on their way to two power stations in the northern part of the capital: a recently refurbished, if inefficient, plant that has served Kabul for a little more than a quarter of a century, and a brand new facility scheduled for completion next year and built with money from the US Agency for International Development (USAID).

Afghan political analysts observe that Ghazanfar and Zahid Walid are striking examples of the multimillion-dollar business conglomerates, financed by American as well as Afghan tax dollars and connected to powerful political figures, that have, since the fall of the Taliban in 2001, emerged as part of a pervasive culture of corruption here. Nasrullah Stanikzai, a professor of law and political science at Kabul University, says of the companies in the pocket of the vice-president: "Everybody knows who is Ghazanfar. Everybody knows who is Zahid Walid. The [government elite] directly or indirectly have companies, licenses, and sign contracts. But corruption is not confined just to the Afghans. The international community bears a share of this blame."

Indeed, the tale of the "reconstruction" of Kabul's electricity supply is a classic story of how foreign aid has often served to line the pockets of both international contractors from the donor countries and the local political elite. Unfortunately, these aid-financed projects also

generally fail—as the Kabul diesel plants appear destined to—because of a lack of planning and the hard cash to keep them operating.

### The Rise of a Power Broker

Abdul Hasin and his brother, the vice-president, offer a perfect exemplar of the new business elite. The two men are half-brothers, born to the two wives of a well-respected religious cleric from the village of Marz in the Panjshir valley north of Kabul.

In the early 1980s, Fahim, the older brother, joined the mujahedeen forces of Ahmed Shah Massoud in the struggle against the Soviet occupation of Afghanistan. In 1992, three years after the Soviet army withdrew in defeat, Fahim was appointed head of intelligence in Afghanistan by the new president Burhanuddin Rabbani in the midst of a fierce and destructive civil war among the victors. When the Taliban took control of the country a few years later, Fahim became the intelligence chief for the Northern Alliance, also led by Massoud, which controlled less than a third of the country. On September 9, 2001, two days before the World Trade Center was attacked, Massoud was assassinated by al-Qaeda operatives and Fahim took control of the Northern Alliance, which the US would soon finance and support in its "invasion" of Afghanistan.

A number of popular accounts of that invasion, such as Bob Woodward's book *Bush at War*, suggest that the Central Intelligence Agency directly gave Northern Alliance warlords like Fahim millions of dollars in cold, hard cash to help fight the Taliban in the run-up to the US invasion. "I can take Kabul, I can take Kunduz if you break the [Taliban front] line for me. My guys are ready," Woodward quotes Fahim telling a CIA agent named Gary after pocketing a million dollars in \$100 bills.

Once the Taliban was defeated, Fahim was invited to become vice president in the transitional government led by Hamid Karzai, a position he held for two years. It was at this juncture that Fahim's brothers, notably Abdul Hasin, started to build a business empire—and not long after, good fortune began to rain down on the family in the form of lucrative "reconstruction" contracts.

In January 2002, while Fahim took whirlwind tours of Washington and London, meeting General Tommy Franks, who had commanded US forces during the invasion, and taking the salute from the Coldstream Guards, his younger brother was putting together a business plan. Soon thereafter, Zahid Walid, a company named after Abdul Hasin's older sons, not so surprisingly won a series of lucrative contracts to pour concrete for a NATO base as well as portions of the US embassy being rebuilt in Kabul and that city's airport, which was in a state of disrepair.

On a plot of land in downtown Kabul reportedly "seized" for a son by Fahim, Abdul Hasin also financed the construction of a high-rise building dubbed "Goldpoint," which now houses dozens of jewelry shops. Soon, the company was importing Russian gas, and not long after that, Abdul Hasin set up the Gas Group, a company which ran a plant in the industrial suburb of Tarakhil that marketed bottled gas to households and small businesses.

In the winter of 2006, Zahid Walid won a \$12 million dollar contract from the Afghan ministry of energy and water to supply fuel to the old diesel plant in northwest Kabul, according to data published on the website of the government's central procurement agency,

Afghanistan Reconstruction and Development Services. In the summer of 2007, the company won another \$40 million diesel-supply contract, and last winter it took on a third contract worth \$22 million.

On October 19th, I visited Zahid Walid's heavily guarded headquarters in the wealthy Kabul neighborhood of Wazir Akbar Khan, not far from the even more heavily fortified US embassy. There, Ramin Seddiqui, the managing director of the company's diesel-import business, filled me in on another exclusive contract the company had secured from the Afghan government only days before for an additional \$17 million. Zahid Walid is now to supply diesel fuel to the new 100 megawatt diesel power plant being built by Black & Veatch, a Kansas construction company, with money from USAID.

Most senior Afghan government officials and political figures are loath to discuss how Zahid Walid has won all these contracts—at least publicly. On a recent visit to the Ministry of Commerce, I asked Noor Mohammed Wafa, the general director of oil products and liquid gas, about them. He promptly claimed that he had never even heard of the company. He then shot a glance at my Afghan assistant and said in Dari: "That's Marshal Fahim's company, isn't it?" When I asked whether the rules were different for powerful political figures—as everyone in Kabul knows is the case—Wafa politely denied any suggestion of favoritism in the awarding of import licenses.

In fact, dozens of people assured me in private on my most recent visit to Kabul that favoritism and corruption are the essence of the Karzai government the US has helped "reconstruct" over the last eight years.

#### A White Elephant Power Plant in Kabul

While Zahid Walid has won close to \$100 million in diesel contracts from the Afghan government in these years, there is hard evidence that the money for this once-needed fuel is now essentially being squandered. Earlier this year, KEC, an Indian company, completed the first of two high voltage power lines from neighboring Central Asian countries that will bring cheap and reliable electricity into the capital.

The initial 220 kilovolt power line from Uzbekistan—a \$35 million project—follows the same path as Zahid Walid's diesel trucks over the Hindu Kush. The comparison, however, ends there. True, the Indian engineers who constructed it had to survive the brutal snows in the Salang pass, but they are now done. On the other hand, the truckers continue to take the treacherous daily drive through the tunnel that connects northern Afghanistan to the south, bringing Turkmen diesel to Kabul at 22 cents a kilowatt hour. Meanwhile, the Uzbek electricity, traveling effortlessly through KEC's transmission lines, costs the Afghan taxpayer a mere six cents a kilowatt hour.

To add insult to injury, much of the diesel is meant for the USAID power plant at Tarakhil that has become a symbol of the sort of massive and widespread reconstruction waste and abuse that has gone on in this country for years. The plant, built by Black & Veatch, is now projected to cost \$300 million, three times the price of similar plants in neighboring Pakistan. In addition, it will only be capable of supplying one-third of the power the Uzbek power line can deliver far less expensively. Nor will the Uzbek line be the only source of cheap electricity. KEC's engineers have broken ground on a second power line—this one from Tajikistan—that will supply 300 megawatts of electricity to Kabul, three times what the

Tarakhil plant will produce at a bargain basement construction cost of \$28 million.

"At full capacity, we burn 600,000 liters a day," Jack Currie, the Scottish manager of the Tarakhil plant told me as I toured it in late October. "And just how much will that cost the Afghan taxpayer?" I asked. "Well," replied Currie, "you can assume a dollar a liter of diesel." I quickly calculated and arrived at an annual total of \$219 million per year, not including the plant's maintenance costs (estimated at another \$60 million a year). Currie looked astonished when I mentioned the figure.

I took these numbers to Mohammed Khan, a member of the Afghan parliament and chair of its energy committee. "Will you approve the funds for this diesel power plant?" I asked. The soft-spoken Khan, a trained electrical engineer who worked for many years in the Kabul Electricity Department, answered simply: "No. Not unless we have an emergency."

So why build a power plant that, in terms of kilowatt hours made available, costs 26 times as much as the Indian-built power line? Anwar-ul-Haq Ahadi, Afghan's former finance minister, recalls the process. The idea, he says, originally came from then-US Ambassador to Afghanistan Ronald Neumann, who dreamed it up in April 2007 shortly before he left the country. He apparently envisioned it as a strategic alternative to the Uzbek power line. After all, at that time the repressive Uzbek regime had denied Washington the use of what was seen as a key military base in Central Asia, Karshi-Khanabad, and so functionally kicked US troops out of the country. Naturally, then, it was also seen as an unreliable political partner for the US-backed regime of Hamid Karzai.

Following up, USAID officials told the Karzai government that they could build a diesel plant in Kabul in just over two years for \$120 million. It would, the ambassador indicated, be functional just in time for the 2009 elections, allowing Karzai to claim that he had provided power to the electricity-starved capital. The Afghan president readily agreed to the plan, instructing anxious officials at the ministry of finance to approve the scheme in early 2007. He even agreed to put \$20 million of Afghan funds into the project—after being assured that the US would pay for the rest.

Over the next two years, while Indian engineers raced the Americans to provide power to Kabul (ultimately winning handily), the ministry of energy and water was having a hard time keeping the lights on during Kabul's harsh winters. And while the city waited for these promised sources of power to come on line, the new political-business elite, with its specially set up companies like Zahid Walid, was winning government-issued contracts to supply diesel to the old Kabul power plant—and making money hand over fist.

Zahid Walid was hardly the only politically well-connected business to clean up: Ghazanfar, a company from Mazar-i-Sharif, also won \$17 million in diesel-supply contracts in the winter of 2006-2007, and then an astonishing \$78 million in new contracts for 2008-early 2009. Not surprisingly, Ghazanfar turns out to be run by a family that is very close to President Karzai. (One sister, Hosn Banu Ghazanfar, is the women's minister and a brother is a member of parliament.)

In March 2009, the Ghazanfars opened a new bank in the capital, plastering the city with giant billboard advertisements featuring a cascade of gold coins. Less than six months later, the bank wrote out a two million dollar interest-free loan to Karzai for his election campaign, paying back the favors his government had done for them over the previous three years.

## Afghanistan as a Patronage Machine

This week, Mohammed Qasim Fahim will be sworn in as the next vice-president of the new government of Afghanistan. Under an agreement with USAID, this new government is required to spend Afghan money to buy yet more diesel for the Tarakhil power plant, which in turn will put money exclusively and directly into the vice president's brother's pocket.

Hamid Jalil, the aid coordinator for the Ministry of Finance, points out that wasting money on unnecessary projects like Tarakhil has helped to hobble Afghanistan's progress in the last eight years. "The donor projects undermine the legitimacy of the government and do not allow us to build capacity," he says, adding in the weary tone you often hear in Kabul today, "corruption is everywhere in post-conflict countries like ours."

Former Afghan finance minister Ashraf Ghani summed up the whole profitably corrupt system that has run Afghanistan into a cul-de-sac this way. "It's not crazy, it's absurd," he says. "Crazy is when you don't know what you're doing. Absurd is when you don't provide a sense of ownership and a sense of sustainability."

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