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## **One Cell Phone at a Time: Countering Corruption in Afghanistan**

**Dan Rice and Guy Filippelli**

American commanders are preparing for a major offensive in Afghanistan to attack one of the most formidable enemies we face in country: corruption. Despite sincere efforts to promote governance and accountability initiatives, Afghanistan has slipped from 112th to 158th place on Transparency International's global corruption index. One reason the international community has been unable to effectively tackle corruption in Afghanistan is that our own reconstruction efforts perpetuate the problem. As Secretary of State Hillary Rodham Clinton recently acknowledged, "Corruption, frankly... is not all an Afghan problem." Money appropriated to secure and stabilize the country is too easily siphoned and redirected as it changes hands, inevitably making its way to local powerbrokers, insurgent networks, and offshore bank accounts, rather than the individuals who need it most. One solution to this problem lies in the palm of our hands: the mighty cell phone.

When Americans first entered Afghanistan in 2001 there was little infrastructure and no banking system in an entirely cash economy. Nine years later it is still a cash economy and 97% of the country remains "unbanked", but Afghanistan's thriving telecom industry offers a way to minimize graft. From a standing start, Afghanistan now boasts a cellular network of 12 million cell phones in country of 28 million. Mobile technology is the largest legal, taxpaying industry in Afghanistan and the single greatest economic success story in the country since the fall of the Taliban. The existing network also offers a proven way to help defeat corruption.

In 2009, the Afghan National Police began a test to pay salaries through mobile telephones, rather than in cash. It immediately found that at least 10% of its payments had been going to ghost policemen who didn't exist; middlemen in the police hierarchy were pocketing the difference. Salaries for Afghan police and soldiers are calculated to be competitive with Taliban salaries, but beat cops and deployed soldiers had been receiving only a fraction of the amount paid by US taxpayers because of corruption in the payment system. Most Afghan cops assumed that they had been given a significant raise, when, in fact, they simply received their full pay for the first time--over the phone.

As the US enters a critical year in Afghanistan with unprecedented amounts of international assistance and contracting dollars on the table, mobile money allows Afghanistan to immediately leap from a cash economy to a mobile money e-commerce system. The existing national cellular network can create a banking system without bricks, mortar—or corruption. There is no better system than mobile currency for transparency to monitor transactions at every level of

government, from the military to civil servants. Mobile currency in Afghanistan has already demonstrated the capacity to support salary payroll, limited merchant payments, peer-to-peer transfers, loan disbursements and payments. The gains from mobile money far outweigh the risks and costs, many of which can be easily mitigated. As mobile money becomes the “e-hawala”, it will be secured by Know Your Client (KYC) and digital encryption to match payments with intended recipients while also logging all transactions for full transparency.

The US cannot continue to support the status quo in a corrupt Afghanistan. Using mobile technology to transmit all US government payments from secure banking facilities to dispersed recipients in theater would have an immediate and dramatic impact on the economy and efforts to reduce corruption going forward. This system has significant positive implications for Afghan capacity building and governance.

Imagine if the US required that all payments to Afghans be made by mobile funds transfer. The soldiers and police, as well as their families, their friends and the entire economy, would adopt it in order to prosper. The 243,000-strong Afghan National Security Forces can lead their nation into a mobile banking system that will set conditions for many other positive second and third-order effects by increasing the speed, security, convenience and reliability of salary payments for Afghan workers. Mobile currency pilot programs have demonstrated a clear path that improves conditions for Afghans today and establishes credit necessary for Afghans to build an economic foundation for tomorrow. Increased transparency and effectiveness that will follow from e-currency will help the US gain legitimacy as an honest broker while making serious progress in curtailing existing predatory practices. By mandating mobile money for all Coalition payrolls in Afghanistan, we could truly begin to win the trust and good faith of the Afghan people, one cell phone at a time.

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