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Private Security Contracting and the Counterinsurgency Mission in Afghanistan

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Government Reform

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RECOMMENDATIONS

- A strong personality-driven political order is emerging in Afghanistan which undermines ISAF's goals. This report discusses the historical context of governance structures in Kandahar, the declining influence of tribes, Kandahar's current powerbrokers, and the rise of the Karzai family.
- Kandahar is strategic terrain for the Quetta Shura Taliban and the Karzai family, and a central focus of ISAF's 2010 counterinsurgency campaign.
- Ahmed Wali Karzai's influence over Kandahar is the central obstacle to any of ISAF's governance objectives, and a consistent policy for dealing with him must be a central element of any new strategy. Wali Karzai's behavior and waning popularity among local populations promote instability and provide space for the Taliban to exist.
- ISAF has inadvertently strengthened the forces that undermine legitimate government institutions. ISAF must shape the political landscape in Kandahar so that the local government becomes a credible partner.
- ISAF must develop a new coherent strategy that is unified in both Kandahar and Kabul and that recognizes the means by which informal power structures co-opt and undermine the development of robust institutions.
- A new ISAF strategy must include:
 - Unity of effort among coalition actors at the national and provincial levels.
 - Comprehensive intelligence on the interests and relationships of local powerbrokers, contracting networks, and on the connections between Kabul and Kandahar.
 - Reform of ISAF contracting, to ensure distribution of ISAF funding to a broad range of constituencies, and to ensure that contracts do not create strong military-commercials networks.
 - Disarmament and demobilization of private security forces and private militias.
 - Building ministerial capacity in Kandahar and Kabul to ensure strong and independent security forces.

KEY FINDINGS

- While most actors in Kandahar call themselves tribal leaders, few influential actors in Kandahar derive their influence from this position. Control over guns, money, and foreign support have become more important as sources of power.
 - Influential actors in Kandahar nevertheless attempt to maintain influence over the tribal system and often organize their networks, militias, and cartels along tribal lines.
- The Karzai family is the key to politics in Kandahar. The Karzai family and the Quetta Shura Taliban have emerged as the most powerful forces.
 - Since 2001, Ahmed Wali Karzai has gradually built a powerful empire in Kandahar through the support of foreign backers and by bringing under his influence the province's key commercial, military, and contracting networks.
 - The Karzai family's leading members, Hamid, Mahmoud, Qayum, and Ahmed Wali, have built significant influence in different spheres, strengthening the family's power as a whole.
 - President Hamid Karzai reassigned Kandahar Governor Gul Agha Sherzai to Nangahar province in 2005, replacing him with Asadullah Khalid, a family ally. This gave Ahmed Wali Karzai informal control of the province.

- Kandahar's political and economic life is dominated by several commercial and military networks.
 - Ahmed Wali Karzai is at the center of a number of these networks, and has considerable influence over business life in Kanahar City itself, with significant private security, real estate, and contracting interests.
 - His control of private security forces, as well as his influence over contracting firms like Watan Risk Management and Asia Security Group allows him to enforce his political will in the city and exert influence over all business transactions.
 - Ahmed Wali Karzai has formed alliances with other key strongmen in Kandahar, who control transit routes and run commercial/military networks. These strongmen include Arif Noorzai, Abdul Razak, and Matiullah Khan.
 - Family members and allies of Gul Agha Sherzai run a rival commercial network to Ahmed Wali Karzai's.
- Ahmed Wali Karzai has used his informal power and his connections to the Afghan state to give him shadow ownership of the government of Kandahar.
 - Through the Independent Directorate of Local Governance, the Karzai administration in Kabul controls the appointment of provincial governors and district officials, giving it considerable power over local government.
 - Given Ahmed Wali Karzai's influence in Kabul, local government officials understand that challenging Ahmed Wali Karzai's influence would jeopardize their political futures.
 - Local powerbrokers have intentionally kept the official police force weak. This allows them to manipulate the police force to their ends and forces ISAF to rely on their private security companies. Because many of these companies are controlled by or allied with Ahmed Wali Karzai, this ensures both revenue and influence.
- The local population sees the government as an exclusive oligarchy devoted to its own enrichment and closely tied to the international coalition.
 - Anti-government sentiments are exploited and aggravated by the Taliban. Many of the local powerbrokers who are excluded from Wali Karzai's network see the Taliban insurgency as the only viable means of political opposition.
 - The 2009 presidential and provincial council elections demonstrated that Ahmed Wali Karzai's popular base in Kandahar was narrowing.
- Despite limited popular support, Ahmed Wali Karzai's maintenance of power rests on three interdependent pillars. These are:
 - That the international coalition, despite growing frustrations, will continue to give him de facto support where it matters and will not take actions that challenge his fundamental interests.
 - That he will continue to receive critical state backing and continue to control the formal government of Kandahar. He assumes that Hamid Karzai will continue to support him and that the government ministries in Kabul will not challenge his influence due to his brother's political ascendancy.
 - That he will maintain the ability to exert power over locals through his use of force and his control over the provincial economy.

CONSOLIDATING PRIVATE SECURITY COMPANIES IN SOUTHERN AFGHANISTAN

Dozens of Private Security Companies (PSCs) operate in Kandahar city and province, frequently doubling as the militias of local powerbrokers. These armed groups also operate on a contractual basis to provide security for the International Security Assistance Force (ISAF) and private, Afghan companies. Because PSCs are under the control of powerful individuals, rather than the Afghan National Security Forces, they compete with state security forces and interfere with a government monopoly on the use of force. There is growing pressure from ISAF and within the Afghan government to reform and regulate these companies. Major General Nick Carter, the commander of Regional Command-South (RC-S), recently briefed that ISAF was developing a strategy to regulate PSCs as part of the Kandahar Operations unfolding in summer 2010.¹

If not properly structured, however, the regulation of these PSCs in Kandahar may reinforce the existing power structures, strengthen the hand of local powerbrokers such as Ahmed Wali Karzai, and further weaken the ANSF. An initiative underway to consolidate the security companies in southern Afghanistan is likely to exacerbate the problems caused by PSCs, rather than reducing their influence.

SECURITY COMPANIES NOW IN KANDAHAR

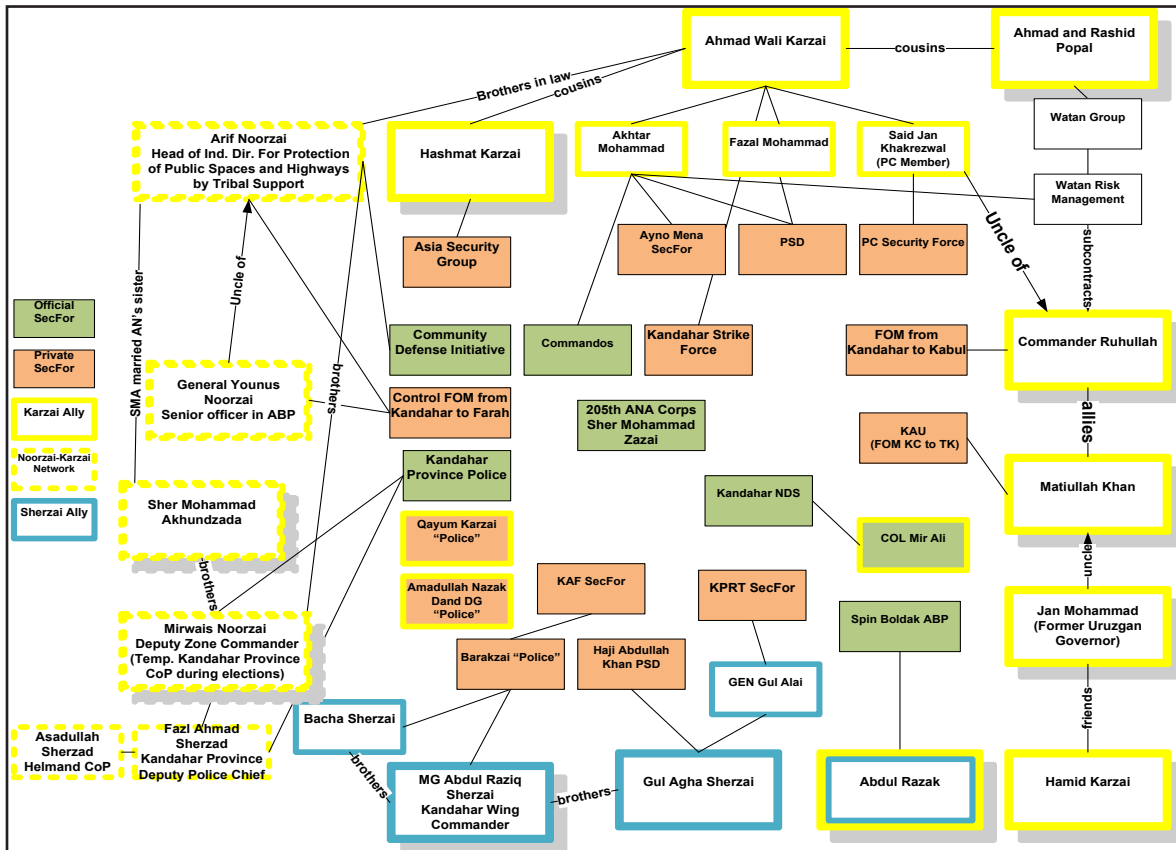
The Ministry of Interior (MOI) regulations of private security companies forbid senior officials,

such as the President and Cabinet Ministers, and their immediate family members from directly controlling PSCs.² Some of the PSCs, consequently, are owned by relatives twice removed from these senior officials, in accordance with the law. Hence, Ahmad and Rashid Popal, two cousins of President Karzai own Watan Risk Management, a large PSC operating in Afghanistan, and another cousin, Hashmat Karzai, runs Asia Security Group, another major PSC.³

Although there are numerous private security companies in Kandahar, they are ultimately controlled or influenced by a small number of powerbrokers. Ahmad Wali Karzai retains significant influence with the PSCs run by the Karzai family, including Asia Security Group and Watan Risk Management. He also directly controls other forces, including his own personal security detail and the Kandahar Strike Force.⁴ Finally, his hand-picked commanders, Haji Seyid Jan Khakrezwal and Akhtar Mohammad, respectively control the Provincial Council Security Force and the security forces that operate in Ayno Mena, the gated community in Kandahar that he financed and developed.⁵ Finally, Watan Risk Management has subcontracted to the security forces of Commander Ruhullah, Haji Seyid Jan Khakrezwal's nephew, to secure Highway One from Kandahar to Kabul.

Ahmed Wali has thus already largely consolidated the PSCs in Kandahar under his influence, although the units retain their own commanders and individual unit names. He does not control all

POWER-BROKERS AND SECURITY FORCES IN KANDAHAR



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PSCs in Kandahar, however. Other powerbrokers, including Gul Agha Sherzai, the former governor of Kandahar and the current governor of Nangarhar, maintain private security forces in the province. For example, Gul Agha provides security for Haji Abdullah Khan (a wealthy banker and owner of the construction firm that built the houses in Aino Mena).⁶ Further consolidation of private security forces in Kandahar may allow Ahmed Wali Karzai to bring his rivals' security forces under the control of a commander loyal and responsive to him.

THE KANDAHAR SECURITY COMPANY

There have been reports of plans to consolidate PSCs in southern Afghanistan under the guidance of Ahmed Wali Karzai since March 2010, when Afghan Interior Minister Hanif Atmar was quoted as stating that Ahmed Wali Karzai was working with

the MoI to bring as many as eighteen "unlicensed private security companies" in Kandahar Province under control.⁷ These plans were approved by the MoI and forwarded to President Karzai's office for him to sign in mid-May.⁸ The new security structure will bring local PSCs into a single organization, the Kandahar Security Company. According to the MoI, this force will start with only 500 employees, but there are suggestions that it may grow to 2,500 employees.⁹

Ruhullah has been identified as the probable commander of the new Kandahar Security Company.¹⁰ Ruhullah is a Popalzai security commander who has built a powerful security network controlling much of Highway One between Kabul and Kandahar, and who is reportedly close to Ahmed Wali Karzai.¹¹ He is the nephew of Haji Seyid Jan Khakrezwal, a member of the provincial council and the commander of its private security force. Ruhullah consolidated

control over the Kabul-Kandahar route after the assassination of rival commander Abdul Khaliq in the spring of 2009.¹²

The exact structure of the new Kandahar Security Company will likely be determined over the next several months, but Ruhullah's initial role as commander of the force suggests that his current network will have the leading role in the new structure and will likely subsume smaller PSCs. Abdul Manan Farahi, who heads the MoI's Counter-terrorism department and is charged with regulating PSCs, has stated that command of the Kandahar Security Company would rotate every six months.¹³ But the feasibility of this arrangement seems questionable. And even if rotated, the formal command may well be subverted by the informal influence of individuals such as Ruhullah or Ahmed Wali Karzai.

The geographic confines of the Kandahar PSC consolidation are not clear. It is, however, rumored that a separate consolidation of PSCs providing highway security west of Kandahar is being considered. The highway security of that area would fall under the guidance of Arif Noorzai, the brother-in-law of Ahmed Wali Karzai and a close political ally of President Hamid Karzai. The Noorzai family, which is intermarried with the Farahi family in Farah province, has in the past used control over highways in southwest Afghanistan to facilitate smuggling. Any involvement by Arif Noorzai in PSC consolidation along Highway One should be a cause for further investigation.¹⁴

THE WATAN BAN

The same week that the plans to consolidate Kandahar's PSCs were forwarded to the President, two PSCs, Watan Risk Management and Compass Integrated Security Solutions, were banned from operating between Kabul and Kandahar.¹⁵ The ban occurred after PSCs running security for logistics convoys opened fire on locals in Wardak Province in two separate incidents on May 8-9, 2010.¹⁶

The ban on Compass and Watan started on

the morning of Monday, May 10, 2010. On that day logistics convoys leaving Kabul faced some of the largest ambushes of the year, with attacks conducted in Zanakhan, Rashidan, and Ghazni Districts of Ghazni Province.¹⁷ Over the following week there were escalated attacks on logistics convoys moving from Kabul south to both Kandahar and to bases in Regional Command East, including significant clashes in the Moqor and Andar districts of Ghazni province.¹⁸

Watan, run by President Hamid Karzai's cousins Ahmed and Rateb Popal, has increased its influence over key transit routes in eastern and southern Afghanistan. Watan's main subcontractor between Kandahar and Kabul is the same commander Ruhullah who has been suggested as head of the Kandahar Security Company.¹⁹ Ruhullah is reported to have sufficient influence over the Kabul to Kandahar route such that not only Watan, but almost all the logistics companies operating between Kabul and Kandahar are forced to subcontract with him to provide security.²⁰

Because Ruhullah is considered the key player on the Kabul-Kandahar road, the increased attacks against ISAF convoys suggests that the ban against Watan operations also prevented Ruhullah, Watan's primary subcontractor, from conducting operations along Highway One.²¹ Watan is unsurprisingly operating again as of May 18, after paying compensation to the families of those killed, but the connection between the Popal brothers and the Karzais poses interesting questions about why the administration did not intervene earlier to block the suspension of Watan's operations.²²

ANALYSIS

Watan has probably become a political liability for the Karzai family, which may well be trying to take steps publicly to seem to regulate the firm's behavior. It is noteworthy that Watan has come under intense media scrutiny in the last several months. The Karzais may feel that the firm will have difficulty withstanding intense investigation, and have subsequently decided to abandon it as a primary tool of their influence.²³ The MoI's ability to ban Watan operations for a week suggests that

the Karzais may feel they can step away from the firm.

But if President Karzai and Ahmed Wali are indeed distancing themselves from Watan, they are not necessarily relinquishing private control over private security. Ruhullah has been suggested for command of the new PSC conglomerate in Kandahar. He is in effect not losing his job as a Watan security subcontractor, but rather getting promoted to command an expanded security force. His close relationship with Ahmed Wali Karzai persists, regardless of his relationship to Watan, and he will be under the influence of his Karzai family patrons.

The Karzai-affiliated network of private security forces is adaptable, and if need be can jettison corporate structures and find new ways to organize itself. In fact, a conglomerated Kandahar PSC under Ahmed Wali Karzai's influence might more effectively serve the interests of the Karzai inner-circle and family than did Watan. This new Kandahar Security Company would almost certainly extend Ahmed Wali's influence over the private security companies of his rivals in Kandahar by bringing them under Ruhullah's command.

Ahmed Wali Karzai has consistently aimed to bring local militias and PSCs under his influence. Both Watan Risk Management and Asia Security Group have been used to advance this objective by bringing a number of regional militias into the business network of the Karzai family.²⁴ But a conglomerated Kandahar PSC operating with the support of the MoI, which under the political influence of the Karzai administration, may ultimately allow the Karzai immediate family as much, if not more, control over armed groups than corporate structures like Watan or Asia Security Group – if indeed, Watan and Asia Security Group are among the eighteen companies consolidated by the MOI directive.

ISAF and the MoI have both publically stated an intention to address the problem of illegal private security contractors in Kandahar.²⁵ Ahmed Wali Karzai's leading role in the consolidation of PSCs into a single entity and his hand-selection of a

commander allows him to present himself to ISAF as taking the lead on tackling the PSC problem in Kandahar – without relinquishing effective means of influence. Minister Atmar, meanwhile, may either be acquiescing freely or feel he has no other choice in Kandahar but to work with AWK.

The formation of a powerful conglomerate of PSCs under the political control of local powerbrokers like Ahmed Wali Karzai would undermine the long-term stability of southern Afghanistan and the strength of Afghanistan's legitimate security institutions. There is a very real risk that these institutions will be relied on by the Karzais and their allies as the guarantors of Kandahar's security. If the Kandahar Security Company were in fact to grow to 2,500 armed men as Ruhullah suggests (and this is certainly feasible) it would be more than twice the current size of the Afghan Uniformed Police in Kandahar, and would exceed the size of the expanded police force that ISAF and the MOI are planning to add to the city. The Karzais and their allies already use private militias as a substitute or for the Afghan National Security Forces (ANSF). Consolidating local militias into a body outside of the formal ANSF will continue to de-incentivize local powerbrokers from lending their support to the ANSF.

RECOMMENDATIONS

Ahmed Wali Karzai has reportedly been lobbying ISAF officials in favor of the Kandahar Security Company for some time.²⁶ It would behoove ISAF and the Afghan State for ISAF to play an active role in the discussions of the formation of any conglomerate private security force, in order to prevent local powerbrokers like Ahmed Wali Karzai from manipulating the process to their own ends. Without ISAF's intervention the MOI will have little choice but to accede to consolidating the new security force and allowing Ahmed Wali Karzai to have de facto influence over its actions inside the city, given the MoI's limited influence in Kandahar.

Rather than consolidating security companies, ISAF's aim should be to disband these armed units and replace them with ANSF. To achieve ANSF primacy, ISAF cannot simply incorporate these PSCs or their members into the formal security forces. It will be necessary to vet their members, retrain them, and disperse them throughout the country via the established national recruiting and assignment procedures. The army would better incorporate these militias than the police, because of its ability to assign forces nationally.

Shaping the formation of Kandahar's new private security architecture requires ISAF to engage in the process at an early stage and set the conditions for the creation of the new structure. ISAF should use its influence to remove the process from the control of local powerbrokers, such as Ahmed Wali Karzai or Ruhullah. ISAF should refuse to allow Ruhullah to command the new security force. A hands-off approach will allow these actors to present the new architecture to ISAF as a *fait accompli*.

ISAF ought to require that all PSC units be partnered with on the ground ISAF oversight teams co-located with the unit. These teams would function largely as do police mentors. They would provide much needed visibility on the actions and political links of these units. They could eventually give ISAF the ability to cut the links between these armed groups and their political patrons and then disband the units. ISAF partnership can also help to ensure legal compliance, professionalism, and political neutrality in the interval while the PSCs are vetted and disbanded.

ISAF will dramatically increase the risks to the success of its mission if it allows the formation of the new Kandahar Security Company. If that company is nevertheless formed, ISAF must ensure that the formal MoI chain-of-command selects a neutral new commander, has strong command and control relationships over the new structure, and oversees the initial and follow-on training for the unit. ISAF might also consider the formation of a board of directors at the MoI to oversee the new body, composed of individuals without entrenched interests in southern Afghanistan,

mentored by ISAF, and sufficiently sheltered from political pressure. The board would initially need active and interventionist ISAF support on the ground in Kabul and Kandahar if it would hope to exert control over the new security structure. Alternatively, ISAF might consider putting the new security structure under the control of the ANA.

NOTES

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- ³ Aram Roston, “How the US Funds the Taliban,” *The Nation*, November 11, 2009.
- ⁴ Dexter Filkins, Mark Mazzetti, and James Risen, “Brother of CIA Leader Said to Be Paid by C.I.A.,” *New York Times*, October 27, 2009.
- ⁵ “Kandahar City Municipality & Dand District, District Narrative Analysis,” Stability Operations Center Kabul, March 30, 2010. Accessed through google: <[http://webcache.googleusercontent.com/search?q=cache:txKkli8M4I8J:http://strykernet2.army.mil/LessonsLearned/Lessons_Learned_AAR_OIL/Intelligence_\(INTEL\)/COIN_Kandahar_City_district_narrative_UNCLASS%252030%2520Mar%25202010.pdf+%22Kandahar+City+Municipality%22+%26+Dand+district&cd=1&hl=en&ct=clnk&gl=us](http://webcache.googleusercontent.com/search?q=cache:txKkli8M4I8J:http://strykernet2.army.mil/LessonsLearned/Lessons_Learned_AAR_OIL/Intelligence_(INTEL)/COIN_Kandahar_City_district_narrative_UNCLASS%252030%2520Mar%25202010.pdf+%22Kandahar+City+Municipality%22+%26+Dand+district&cd=1&hl=en&ct=clnk&gl=us)>
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- ⁸ Dion Nissenbaum, “Afghan Security Deal Could Boost President Karzai’s Half-Brother,” McClatchy, May 20, 2010.
- ⁹ Dion Nissenbaum, “Afghan Security Deal Could Boost President Karzai’s Half-Brother,” McClatchy, May 20, 2010; Dexter Filkins, “Despite Doubt, Karzai Brother Retains Power,” *The New York Times*, March 30, 2010; Matthew Green, “Afghan Warlords Feed on US Contracts, Say Critics,” *Financial Times*, May 11, 2010
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- ¹² Aram Roston, “How the US Funds the Taliban,” *The Nation*, November 11, 2009.
- ¹³ Dion Nissenbaum, “Afghan Security Deal Could Boost President Karzai’s Half-Brother,” McClatchy, May 20, 2010.
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- ¹⁹ Carl Forsberg, “Politics and Power in Kandahar,” Institute for the Study of War, April 2010, 38.
- ²⁰ Aram Roston, “How the US Funds the Taliban,” *The Nation*, November 11, 2009.
- ²¹ Aram Roston, “How the US Funds the Taliban,” *The Nation*, November 11, 2009.
- ²² One story is that ban was the result of a long-time antagonism between the governor of Wardak Province, Muhammad Fidai, and Watan Security group. Governor Fidai is reported to have, for some time, been attempting to make power plays against Watan, and replace Ruhullah’s control over route security with interests connected to himself, and civilian casualties may have given him the necessary cover to do so. But the story seems more complex than that, because the Karzai administration presumably has enough influence over the MoI to have blocked the move if it had desired to do so.

NOTES

²³ See for example, Aram Roston, “How the US Funds the Taliban,” *The Nation*, November 30, 2009; CBC News, “Taliban Protection Pay-offs Denied by Contractor,” April 27, 2010; and Matthew Green, “Afghan Warlords Feed on US Contracts, Say Critics,” *Financial Times*, May 11, 2010.

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²⁵ Caroline Wyatt, “NATO Troops Prepare Kandahar Push,” *BBC News*, May 14, 2010.

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