



Prepared Remarks of
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“Fighting Fraud in Afghanistan Reconstruction”
2018 Targeting Fraud – Safeguarding Integrity Conference
State of Ohio Office of Inspector General
Columbus, Ohio
November 1, 2018

Thank you for that kind introduction and I also want to thank Inspector General Meyer, Franklin University, the National White Collar Crime Center, the Ohio Ethics Commission, and the Ohio Investigators Association for inviting me to speak today. It’s always great to be back in my home state, and to be speaking about one of my most favorite subjects – fraud in Afghanistan or how the American taxpayer is on the hook for over \$132 billion.

Ohio is dear to me because this is where I was born and my career started not too far away – in the Montgomery County Prosecutor’s Office in Dayton, the city which, as many of you know, due to the famous Wright brothers, is known throughout the world as the birthplace of airsickness. So if you feel a little queasy after my presentation, blame it on them.

After my time served in Dayton, I became a federal prosecutor and was assigned to the organized crime strike force in Cleveland, prosecuting the mob in both Cleveland and Youngstown. And, I’m sure that since I left for Washington, D.C. in 1982, neither city has had any issues since.

But, since I assume more of you are here for the continuing education credits than to listen to my life story, to make a long story short, after leaving the Department of Justice, I worked for over 20 years on Capitol Hill conducting investigations on everything from health insurance fraud to weapons of mass destruction. After a stint in the private sector, I was rewarded for my decades of federal service by being asked by President Obama to work on Afghanistan. So today’s first lesson is to be careful when you raise your hand to volunteer.

Background on SIGAR

In all seriousness, it has been my privilege to serve as the Special Inspector General for Afghanistan Reconstruction, otherwise known as SIGAR, for the past six and a half years – I actually think it has been the best job I have ever had – which tells you something about my other positions.

I am going to spend most of my time today discussing specific examples of waste, fraud, and abuse SIGAR has uncovered, but let me first provide some background on my agency and our mission.

Congress created SIGAR in 2008, seven years after the attacks of September 11th. By that time, the U.S. had already spent billions rebuilding Afghanistan, often with little or no documentation, assessment, or accountability.

By 2008, Congress determined it needed an independent IG shop focused solely on Afghanistan reconstruction, where America remains engaged in the longest war in our nation's history.

Why? Because at \$132 billion spent to date, Afghanistan is the most expensive reconstruction project in U.S. history – more than we spent on the entire Marshall Plan to rebuild western Europe after World War II. There is an additional \$11.8 billion in the pipeline right now waiting to be spent and we anticipate that an additional \$5-7 billion will be appropriated each year as long as the current situation in Afghanistan remains fundamentally unchanged.

Compared to other federal inspector general offices, SIGAR is unique in many ways.

First, SIGAR is wholly independent. We are one of only two federal IG offices not housed within any federal agency or commission. We file our reports with Congress and the Secretaries of Defense and State, but overall, our agency is answerable to the President and to Congress.

Second, SIGAR's work focuses exclusively on reconstruction programs in Afghanistan, which are broadly defined to include building and sustaining the Afghan national security forces, promoting the rule of law, constructing schools and clinics, funding counternarcotics programs, and training and paying the salaries for Afghan

soldiers, police, and civil servants.

Third, because all of the programs I just mentioned are executed by multiple federal agencies, we are the only inspector general with the authority to look at the reconstruction effort as a holistic, “whole of government” initiative. My jurisdiction extends to any federal agency that spends a dime on reconstruction in Afghanistan. So while most of our work has focused on the Defense and State Departments, and USAID, we look at programs run by the Departments of Justice, Transportation, Agriculture, and a host of others.

Finally, SIGAR is a temporary federal agency. Three words you don’t often hear together. I believe in temporary agencies – we need more of them. We shut down 180 days after the amount of unexpended funds for Afghanistan’s reconstruction drops below \$250 million. Accordingly, for us, time is of the essence.

SIGAR employs almost 200 auditors, analysts, engineers, criminal investigators, and other professionals, with over 30 permanently stationed at the U.S. Embassy in Kabul, Afghanistan. We have more oversight personnel in Afghanistan than the Defense Department, State Department, and USAID combined. We also have the largest U.S. law enforcement presence in Afghanistan.

Just to provide some context, Afghanistan is nearly the size of Texas, with a population of roughly 34 million people who have been divided across ethnic, religious, tribal, and other lines for centuries. Even after 17 years of U.S. and coalition effort and financial largesse, Afghanistan remains one of the poorest, least educated, and most corrupt countries in the world. It is also one of the most violent.

The predominant challenge we face is the security situation throughout the country, which has deteriorated considerably since the end of the military surge in 2012. While SIGAR employees once were able to travel throughout the country, we are now – just like every other U.S. civilian agency – largely limited to the capital city of Kabul. Even moving around Kabul requires the approval of the U.S. Ambassador and massive security at significant cost. Here is a picture of just a small part of my security detail from last month when I visited a site in Kabul.

For several years now, all U.S. civilian personnel are required to take a helicopter from the main international airport in Kabul to the U.S. Embassy – a distance of just over two miles. Ground travel is considered too dangerous, and the Afghans are unable

to protect us for that short two-mile trip even after 17 years of U.S. assistance.

To mitigate these difficulties, SIGAR has augmented our resources with satellite imagery, retained the services of Afghan non-governmental organizations (whose work we verify), and have hired Afghan nationals who can travel at less personal risk than more-obvious foreigners with massive security details. But even with these resources, there are places we cannot access.

SIGAR's Accomplishments

Despite these challenges, we have accomplished quite a bit. Our audits and inspections directorate has issued over 300 products, made over 900 recommendations to U.S. government agencies, and identified approximately \$1 billion in potential savings to the taxpayer.

Our investigations directorate – our men and women with badges and guns – has conducted over 1,000 investigations, more than 170 of which are ongoing. We've made 126 arrests and secured 132 convictions. Sadly, the U.S. lacks an extradition treaty with Afghanistan, or these numbers would be considerably higher.

In addition to putting people in prison, SIGAR's investigations directorate has produced roughly \$1.5 billion in criminal fines, restitutions, forfeitures, civil settlements, and government costs savings and recoveries.

Since SIGAR is a temporary agency, I created an Office of Special Projects, which is relatively unique among the federal IG community. Audits and investigations can take a long time. We needed a group within SIGAR to quickly look into matters of significant importance identified by our auditors, investigators, or others.

For example, our Special Projects office discovered that Afghan military trainees in the United States go AWOL far more often than trainees from other foreign militaries. Their reporting identified some of the loopholes within our government that may be partly responsible, and brought this matter to the attention of the Department of Homeland Security, as well as the State and Defense Departments.

SIGAR also publishes the most comprehensive single volume on the Afghanistan reconstruction effort every quarter, as mandated by Congress. While we sometimes are blamed for publishing inconvenient facts about the state of affairs in Afghanistan, in

almost every case, the data came from a U.S. government agency responding to a SIGAR request for information.

Historically, we have had few issues reporting on events every quarter. But in 2015 the U.S. military in Afghanistan started issuing us some of the data in classified form – we could still report it to Congress, just in a classified annex that would be kept locked in a vault in the basement of the Capitol building. The data largely dealt with the performance and capabilities of the Afghan security forces – who are trained, supplied, and supported with funds from the U.S. taxpayer. Let's face it – the government doesn't classify good news. And if it does, it finds a way to leak it.

Within the past 18 months, even more data has been classified, and we're told it's largely been at the request of the Afghan government. But without U.S. financial and military support, the Afghan government would collapse, so it's hard to imagine the Defense Department doesn't have any available leverage with the Afghan government to get this information in an unclassified format.

I believe in transparency and the fact is, the data that's classified is known by our military; it's known by the Afghan military; it's known by the average Afghan; and it's known by the Taliban. The only people who don't have access to it are the people writing the checks paying for it – the long-suffering American taxpayer.

There's one more entity within SIGAR that I want to discuss before I move on to talking about some of the examples of waste, fraud, abuse, and pure stupidity that we've documented in Afghanistan.

By 2014 – two years into my time at SIGAR – we had issued a lot of audits, conducted a lot of investigations, and made a lot of recommendations to government agencies. But I found myself being asked – John, what does your work all add up to? As I reflected on that question, I recalled advice General John Allen – the former commander of U.S. forces in Afghanistan – and Ambassador Ryan Crocker – the former U.S. Ambassador to Afghanistan had given me. They noted that SIGAR's unique jurisdiction and independence, made us the only entity in the entire U.S. government that could conduct "whole of government" lessons learned reports that looked at the entirety of the U.S. experience in Afghanistan.

In the last two years, SIGAR has issued comprehensive lessons learned reports on U.S. anti-corruption efforts; reconstructing the Afghan national security forces;

private sector development efforts; stabilization activities; and counternarcotics.

These reports are unlike any other report that SIGAR issues. Most take at least two years to complete, the project teams review thousands of federal records, interview former and current U.S. government personnel, and the reports are then peer reviewed by external experts, as well as provided to the relevant agencies involved for comment. While some have argued that we'll "never do Afghanistan again," history has shown that it is highly likely that we'll continue to undertake reconstruction and stabilization efforts when they're deemed in the national interest. Our hope is that some of the lessons we've identified in Afghanistan may be useful for those future contingencies.

Additionally, the reports have proven useful to policymakers working on Afghanistan now. Our report on building the Afghan security forces was of particular interest to General Joe Dunford, the Chairman of the Joint Chiefs, who requested a personal briefing that lasted nearly two hours – and following which, the Defense Department asked us to assign two of our experts to their "failure analysis" team that was helping to develop President Trump's new South Asia strategy in mid-2017.

Our lessons learned program also serves to educate the new Americans who show up at the U.S. Embassy or at U.S. military headquarters. Every year, the U.S. Embassy and military undergo what I've taken to calling the "annual lobotomy." Almost all American civilians and military personnel in Afghanistan serve tours of one year or less. Every summer, nearly 80 percent of Embassy personnel and the institutional memory they've developed leave Afghanistan. Since many of my staff in Afghanistan have served multiple consecutive tours, and some have served five years or more in Afghanistan, in many ways we're the institutional memory and have become a resource for Embassy and military personnel.

I'm now going to turn to examples of some of the most troubling, head-scratching, and just plain infuriating things SIGAR has uncovered in Afghanistan.

G-222 Procurement

I thought I would start off with perhaps the priciest single disastrous decision we've come across.

Since taking this job, I've gone to Afghanistan roughly once every quarter. After my first few trips I couldn't help but notice the 16 hulking transport aircraft, with weeds

growing in between them, sitting off to the side of the main airport in Kabul. One day, I decided to walk over to take a look, and was stopped by a U.S. service member who would not let me or any of my team get any closer. So I told him that, when I came back on my next trip I was going to walk over to see those aircraft – I said they could arrest me if they wanted, but if they did, to be prepared to be in the *New York Times*. Unsurprisingly, on my next trip the military escorted me over to the planes. I knew something was fishy when a senior U.S. officer, pointing to the aircraft, flat out told me “We’re never going to do something like this again.”

As it turned out, the U.S. military decided that the Afghan Air Force needed 20 medium-size transport planes. They found 20 G-222 aircraft collecting dust in an Italian aircraft boneyard, and paid \$486 million to an Italian firm to purchase and refurbish them.

Following the refurbishment, the aircraft continued to experience fuel leaks, mid-flight engine shutdowns, electronic component failures, and numerous other problems. In fact, the military had to assign test pilots to fly them into Afghanistan – regular U.S. military pilots reportedly refused.

The aircraft – which were never designed to fly in Afghanistan’s high altitudes in the first place – flew only 234 of 4,500 planned flight hours during a nine-month period. American pilots we spoke to called them “death traps.” After two safety stand-downs, the program was shuttered even before all 20 planes were even delivered to Afghanistan.

The 16 planes that made it to Afghanistan, just sat on that runway in Kabul until we reported on them. Eventually, the U.S. military spent \$188,000 more taxpayer dollars to scrap them, but on the bright side they did manage to sell the scrap metal to local Afghan firms for \$32,000. While those planes may be gone, SIGAR has an ongoing investigation into their procurement and refurbishment.

Camp Leatherneck 64,000 Square Foot Command and Control Facility

In some ways, perhaps an even more egregious example of bureaucratic incompetence was pointed out to me during a visit I made to a massive American military base called Camp Leatherneck. During a visit in 2013, a senior military officer pointed out a building to me and suggested I take a look. The building was massive, a 64,000 square foot command and control center for the Marines to manage the war

from in one of the deadliest provinces in all of Afghanistan.

I've said many times since that it's best built building I've ever seen in Afghanistan – and maybe one of the best built I've ever seen. The only problem was that by the time the \$36 million building was completed, the Marines were leaving and it was never occupied. Turns out, the request for the building had been put in at the height of the troop surge in 2010. The base commander in charge at the time requested that the facility not be built because it was not needed. Two other Marine Generals subsequently made requests to cancel the building's construction. However, the Major General in charge of the contracting decision – who was not in Afghanistan – decided it would not be “prudent” to cancel a project for which funds had already been provided by Congress. I was told that this example epitomizes the problems with military construction – or “MILCON” – funding; once a project starts, it can never be stopped.

You may recall that when President Obama announced the surge, he also announced that troops would be drawing down by a date certain. Even though it must have been known that the building stood a good chance of never being used, the thought of returning funds to Congress was so abhorrent to the contracting command, it was built anyway. The facility was never occupied, Camp Leatherneck was turned over to the Afghans, who abandoned it, and if satellite photos published in *The Washington Post* are accurate, the base has pretty much been stripped clean of anything of value – and there was a lot of value in that \$36 million command and control facility. On my most recent trip just last month, I was told that building still sits empty and unused by the Afghan military.

SIGAR followed the paper trail, conducted interviews, and publicly identified the contracting officials who moved ahead with the construction of the building over the objections of the commanders on the ground, but as I've unfortunately found too often, holding senior officers accountable for wasting tax dollars is nearly impossible.

But just so you don't think such head-slapping wastes of taxpayer dollars have ended, we have just learned that NATO may be building a new, expensive, 120,000 square foot headquarters in Kabul for military operations, even though we have fought a 17 year war without it. The simple question we should all ask is why it is needed now when the entire NATO mission in Afghanistan has decreased from over 140,000 to 16,000 troops and may even decline further in the future.

Marriott Hotel and Grand Kabul Residences

While I just discussed two Department of Defense projects, I want to turn to an entity many of you may not be as familiar with -- OPIC. OPIC is the Overseas Private Investment Corporation and describes itself as “a self-sustaining U.S. Government agency that helps American business invest in emerging markets.” OPIC loans money to firms to help them invest in emerging markets. The seed money for OPIC came from the U.S. taxpayer, of course, so despite its protestations to the contrary, OPIC losses are also losses for the American taxpayer.

SIGAR has investigated two OPIC-funded projects in Afghanistan, and what we found was not pretty. Although, in one case, if you looked at it from one angle – and one angle only -- it actually didn’t look half bad.

You’ve all heard, I’m sure, of the proverbial Potemkin Village – defined as a “pretentiously showy or imposing façade intended to mask or divert attention from an embarrassing or shabby fact or condition.” Well, SIGAR didn’t uncover a Potemkin village in Afghanistan, but we did uncover a Potemkin hotel. And it was built – or more accurately, not built – with OPIC funds.

If you talk to anyone who’s been to the U.S. Embassy in Afghanistan in the past decade, they likely know about the Marriott Hotel because it’s right across the street from the U.S. Embassy. Yet, shockingly, no one really knew what was going on inside the hulking structure.

SIGAR engineers and inspectors visited the hotel – as I later did – and what we saw led us to open a criminal investigation.

A proposal to OPIC was submitted in 2006 to OPIC by a Jordanian citizen and a U.S. sponsor. While Marriott International agreed to manage the hotel, it later withdrew from that agreement. The proposal called for the construction of “a 209-room, five-star hotel in Afghanistan.” OPIC estimated that the hotel and its use by foreign investors would provide \$80 million in foreign exchange earnings to the Afghan government annually. The project was supposed to be completed by the end of 2010; and OPIC issued just under \$60 million in loans.

In 2010, even though the hotel was far from complete, the same Jordanian and a different U.S. sponsor submitted a proposal to OPIC for the construction of an

apartment building next to the hotel, to be known as the Kabul Grand Residences. OPIC approved this project as well, agreeing to loan an additional \$27 million.

For three years, the loan recipients submitted progress reports to OPIC prior to the next loan disbursement. In April 2013, the loan recipients reported to OPIC that the hotel would be completed by December. But in May, multiple news outlets reported that construction of the hotel had been halted due to security concerns in Kabul. Oddly, the next month, the loan recipients provided OPIC with a progress report stating that contracts had been issued for the procurement of furniture, fixtures, and other equipment. Based on that progress report – and despite the contrary news reports – OPIC approved the final loan disbursement that same month.

Following receipt of the final disbursement, the loan recipients notified OPIC that they were stopping all work on the project. Since then, the U.S. Embassy has assumed responsibility for securing the site, at its own cost, due to the security threat posed by the unfinished hotel adjacent to the Embassy compound.

When SIGAR's inspectors entered the hotel in 2016, it was instantly clear that the hotel was nowhere near as complete the loan recipients had led OPIC to believe. OPIC, for its part, never sent anyone out to the site to verify the recipients claims even as it loaned out tens of millions of dollars. OPIC claimed it was too dangerous – but the hotel is, after all, right across from the Embassy. Surely someone could have taken a look.

Our inspectors found structural cracks in the walls and the roof; damaged fireproofing on steel beams and columns; demolished wall sections; incomplete electrical, elevator, communications, fire prevention/suppression, sewer, heating, ventilation, and air conditioning systems; uninstalled doors and windows; and many other problems. I've stayed in some bad hotels over the years, but this one takes the cake.

As for the apartment building next door, you'll be about as shocked as Captain Renault was in *Casablanca* to find out it was in no better shape than the hotel. OPIC again failed to conduct any on-site verification, and following the final wire transfer was notified by the loan recipients they were stopping all work on the project.

While SIGAR has an ongoing criminal investigation into the matter, the individuals who defaulted on the loans and submitted obviously blatantly false

paperwork to OPIC did make one smart decision. While the inside of the hotel is in shambles, the two external sides facing the Embassy made it appear to everyone who passed by that construction was proceeding apace. That's one reason it took so long for anyone to wonder what was actually going on INSIDE the hotel.

As for the apartments, there were two model apartments set up – pretty enough for the brochure, but since none of the fixtures were connected to water, power, or anything else of use, they were as fraudulent as everything else about the project. This is a classic example why you need to go out and kick the tires – you need to be on the ground to conduct proper oversight.

Marble Mine Investigation

OPIC fell victim to another fraudulent scheme in Afghanistan, this one having to do with a marble mine in Herat Province in western Afghanistan – another example of OPIC not doing good oversight. Around 2006, an Afghan firm obtained a 10-year lease from the Ministry of Mines for the rights to mine marble at the White Dove Marble Mine.

But as is often the case in Afghanistan, operations at the mine were a little behind the times. Mining techniques in Afghanistan were basically something out of a Wile E Coyote cartoon. They'd essentially drill a hole, fill it with gunpowder, and use the explosion to extract the marble. Jagged edges and cracks caused by massive explosions do have a tendency to lower the value of marble, however.

Meanwhile, the Afghan-American brother of the individual who received the mining concession was losing a lot of money on California real estate during the financial crisis. So, he joined his brother at the mine, and started to seek funds to improve the technology used at the mine. OPIC agreed to loan him \$15.8 million to purchase equipment to do just that.

So they bought equipment for the mine. But they inflated the receipts sent back to OPIC. I'm not a chainsaw expert, but I'm told they were sending OPIC receipts for very advanced and expensive chainsaws and other equipment, but buying much cheaper equipment instead. The skimmed money ended up in bank accounts for shell companies he set up in Afghanistan. Were it not for an anonymous tipster who contacted SIGAR's Fraud Hotline, the brother may have very well have gotten away with his crimes.

After an extensive investigation, SIGAR agents were waiting for him, with an indictment, at the airport when he returned to the United States from a visit overseas. After a great deal of effort to interview the Italian firms who sold him the equipment he bought, and to secure Afghan bank records – which included a personal appeal from me to Afghan President Ghani – we were able to take the individual to trial two months ago, where he was convicted on twenty felony counts and is now awaiting sentencing.

Afghan National Army Uniform Procurement

Switching gears, let me ask a question – I'm sure all of you have seen lots of photos and video from Afghanistan over the past 17 years. Just how many trees did you see? Probably few, if any. Which brings me to the next boondoggle.

Our audits directorate was conducting work examining clothing and equipment requirements for the Afghan national security forces when the auditors came across some contract anomalies which they forwarded to our Office of Special Projects. One of the major things that caught our eye – literally – was that the U.S. military was outfitting the Afghans in a forest camouflage pattern – when forests cover only 2.1% of Afghanistan's land area.

As it turns out, in 2007, the Afghan Minister of Defense, with the Afghan President's approval, wanted to standardize the uniform of the Afghan National Army. As the U.S. was – and largely still is – paying all the bills for the Afghan security forces, it meant you and I would be buying new uniforms for the Afghans.

The Afghans ended up with the forest green pattern largely because the Minister of Defense liked the color. Sartorial decision-making aside, we also uncovered some serious contracting issues. When U.S. military advisors sat the Minister of Defense down to pick a pattern they showed him a single website, that of a private Canadian company who had trademarked all their camouflage patterns. They did so despite the fact that the Defense Department owns the rights to numerous camouflage patterns for which it would not have to pay a trademark fee.

It gets even stranger. The Canadian company told us it was told by a U.S. military official that a U.S. defense contractor would be contacting them to begin the process to buy the exclusive license to the camouflage pattern the Afghan minister had selected. And once the U.S. defense contractor had the rights to the pattern, the Defense Department put out a solicitation for uniforms for the Afghans that mandated

that that one specific pattern be used – which now only that one U.S. defense contractor now owned the rights to.

One defense department contracting officer did try and stop the procurement, but was told by our military in Afghanistan that they were not going to second-guess the Afghan minister's choice – despite the fact that we were paying for whatever he selected.

On top of all the contracting shenanigans – which we are continuing to look into – the use of the proprietary pattern selected increased the cost to the U.S. taxpayer by at least \$28 million. And that's probably the least of the worries of the poor Afghan soldier who's standing in the middle of Afghanistan dressed like he's about to hike Yellowstone.

Our work did produce some positive results. Following the release of our report, Secretary of Defense James Mattis sent a stern public message to the entire leadership of the Defense Department citing our report as an example of the need to improve financial accountability at the Pentagon. And, following my testimony before Congress, it acted to require the Defense Department to re-evaluate whether the selected camouflage pattern was appropriate for use in Afghanistan.

The Ghosts of Afghanistan

One of the most surprising things I learned after taking this job was that I would be spending a significant amount of my time looking for ghosts. Years before he became president of Afghanistan, Ashraf Ghani told me that the U.S. government was paying for an Afghan soldier, an Afghan policeman, an Afghan teacher, and an Afghan doctor – and they were all the same person – and that person didn't exist. Ever since, I've been spending as much time chasing ghosts as Dan Aykroyd and Bill Murray did.

For years, SIGAR has been concerned about Afghan “ghost soldiers” and “ghost police.” Our work showed that neither the United States or our Afghan partners truly knew how many Afghan soldiers or police were available for duty. For many years we simply reimbursed the Afghans for the number of soldiers or police they told us they had on their rolls.

In 2011, a SIGAR's audit of Afghan National Police personnel systems found that there was no way to conclusively determine an accurate total of police personnel. Various sources spat out different data, with a discrepancy of as many as 13,000

personnel out of somewhere between 112,000 and 125,000.

Four years later, we found that more than \$300 million in annual, U.S.-funded salary payments to the Afghan National Police were based on data that was only partially verified or reconciled. There was no assurance that personnel and payroll data were accurate.

Just months later, another SIGAR audit found similar problems with the Afghan National Army. My staff made unannounced visits to the headquarters of two Afghan National Army Corps and to an Afghan Air Force wing. Of the 134 Afghan military personnel we requested identification from, 31 of them, or 23 percent, could not be verified against the personnel data kept by the Afghan government – which was the basis for U.S. salary payments. The system created incentives for Afghan unit commanders to maintain dead or deserted soldiers on the rolls so they could pocket those salaries for themselves.

Corrupt behavior is always abhorrent, but there is no question it also had effects on the battlefield. After the U.S. turned over primary responsibility for security to the Afghan military in 2015, they suffered surprising, if temporary, defeats in Kunduz City and in Helmand Province, where an entire corps essentially disintegrated. These results perhaps may not have been so surprising if U.S. and Afghan commanders both had a better idea of the actual number of soldiers and police on the ground in each location, rather than fictitious numbers on personnel rosters.

In response to SIGAR's reports and battlefield performance, the U.S. military is now requiring every member of the Afghan National Army and Afghan National Police to be biometrically enrolled before the U.S. will reimburse their salary to the Afghan government. An improvement, but it doesn't do anything to protect the U.S. taxpayer against ghost teachers and doctors and a whole host of civilian positions that we fund through a World Bank administered trust fund over which oversight is limited.

On my latest trip to Afghanistan, I was told by senior U.S. military officials that they are still concerned about ghosts in the Afghan security forces, so we will be conducting another audit to help determine whether our government is still paying for non-existent soldiers and police.

Dry Fire Range

Until I came across this next fiasco, I thought the phrase “I’m melting” only applied to the Wicked Witch of the West. But, thanks to SIGAR’s inspections team, I discovered that it can apply to infrastructure as well.

I’m speaking of the melting building of Logar Province. The Defense Department contracted with an Afghan firm to build a \$500,000 dry-fire range to be used to train Afghan police. The range was designed to look like a typical Afghan village and would be used to train the police. The Defense Department accepted the facility and paid the contractor in full. Within four months, however, the range’s buildings began to “melt” in the rain and crumble because of substandard bricks and other materials. Afghan contractors substituted sand in the bricks instead of using more expensive materials required by the contract. And of course, the U.S. government failed to hold the contractor accountable before the expiration of the warranty, so the buildings then had to be demolished at additional cost to the U.S. taxpayer.

Department of Defense Task Force for Business and Stability Operations

And now I’ll turn to the last – and one of the most expensive – bad ideas, the Department of Defense’s Task Force for Business and Stability Operations, or TFBSO.

The Task Force set up shop in Afghanistan during the surge because the Defense Department wanted to quickly improve the Afghan economy before the troop drawdown. The challenge of course is that few at the Defense Department are trained in economic development. I recently spoke at the Army War College and asked 300 mid-level officers if any of them had received training in economic development – not a single hand was raised.

Nevertheless, TFBSO spent \$675 million trying to jumpstart the Afghan economy. While the current state of Afghanistan’s economy bears witness to the fact it made minimal, if any, economic impact, TFBSO did manage to make quite a few questionable decisions.

Among many projects, TFBSO spent millions to construct a compressed natural gas station in northwest Afghanistan in an effort to quickly create a CNG market in Afghanistan. Unfortunately there were no other CNG stations in Afghanistan so any vehicles running on CNG couldn’t wander far from the city.

Afghanistan also happened to lack any cars that actually ran on compressed natural gas. Undeterred, TFBSO funded the conversion of a number of local taxis to run on CNG. The station began operations in 2012, but to our knowledge remains the sole CNG filling station in all of Afghanistan. And since the conversion cost for a vehicle is prohibitively expensive for the average Afghan, in all likelihood, the taxis the U.S. taxpayer paid to convert are the station's sole customers. An outside consultant hired by the Defense Department estimated that the CNG project may have cost up to nearly \$43 million.

Another novel TFBSO effort was a \$2.3 million program to purchase and fly sexy white Italian goats into Afghanistan on military aircraft so that they could mate with native Afghan goats to improve the quality of Afghan cashmere. It may have made for some happy Afghan goats, but otherwise, things did not turn out quite as hoped. There was an outbreak of disease that necessitated that part of the herd be culled, and the project manager – an expert in her field – quit in frustration over poor management and the unrealistic timelines of the project. TFBSO, she said, was trying to accomplish in a few years what would ordinarily take decades. Adding insult to injury, as of April of last year, SIGAR inspectors could find neither hide nor hair of the goats.

TFBSO was also bizarre in that once it closed down, it essentially became a ghost program. Even though the program had just shut down, when SIGAR started asking questions and making document requests, everyone in the Pentagon suddenly had institutional amnesia and very senior officials swore to us that there wasn't a soul in the building who could speak to us about the program.

Even stranger, when we requested all of TFBSO's documents, the Defense Department delivered them on a single external hard drive that looked like it had just been bought at Best Buy. Even though this was a few years ago, some of my staff had more data stored on their iPhones than the Defense Department had for this multi-year \$675 million program.

Conclusion

In conclusion, welcome to the strange world of SIGAR and Afghanistan reconstruction. When I write my memoir on my time at SIGAR, it may well be relegated to the historical fiction section because some of the things we've uncovered are almost beyond comprehension.

Every picture I've shown and anecdote I told today was the result of a bad decision on someone's part. We highlight them. We publicize them in the hope that future bad decisions may be averted, but it doesn't win us many fans.

No one in the federal government has ever been heard to say "Oh good, the Inspector General's office wants to see me." It's even more unlikely that anyone would ever say, "Oh good, SIGAR wants to talk to us."

On one of my first visits to Afghanistan, I asked the head of the security detail the Embassy had assigned me whether he thought I was really a target to the Taliban. He said, "Mr. Sopko, I'm more worried about the folks inside the Embassy than the ones outside."

The bottom line is that, whether it makes us popular or not, we need to hold people accountable for their actions and the U.S. government doesn't do a good job at that. Secondly, we have given our people in Afghanistan a box of broken tools to work with. For example, on procurement, our government traditionally rewards contracting officers on the basis of how much money they put on contract – not by how well that money is spent. There is also a "use it or lose it" mentality because every agency fears that if they fail to spend every last dime, Congress will decrease their budgets the following year. These two problems have led to a lot of money spent on programs and projects in Afghanistan that the individuals who approve the project or program have no way of evaluating given the dire security conditions.

Many – easily a majority – of the programs and projects SIGAR has reviewed have gone over budget and had to be extended multiple times before they were completed. By law, projects are awarded to the lowest bidder who undoubtedly knows they can run back to State, USAID, or the Defense Department later and say they can't finish the project if they don't get more money – which they almost always do.

And as I mentioned previously, our human resource system is also broken. To paraphrase a well-known Vietnam veteran, John Paul Vann, we haven't fought one 17 year war in Afghanistan, we've fought 17 one-year wars there, due to the annual rotation of military and civilian personnel.

These challenges aren't unique to Afghanistan, but when combined with a failure to hold people accountable and no built-in mechanism to record institutional memory, we are setting ourselves up for failure.

In closing, it's perhaps fitting that I'm back here in Ohio where I cut my teeth in the 1970s fighting organized crime. Despite the years that have passed and all the cultural differences, there actually is a lot in common between Cleveland and Afghanistan.

In both, you have many brave Americans fighting for what is right; and in both you have many good people dying because of fraud, waste, and abuse. The most common theme from my experiences in both places is that "fraud kills," as SIGAR identified when we found contractors were defrauding the government and putting soldiers' lives at risk by not installing grates under road culverts in Afghanistan that would have reduced the risks of IED attacks. We cannot lose track of the fact that fraud can – and does – kill, which is why we at SIGAR do what we do and why I salute the many of you who continue that battle in your own jobs.

Thank you, and I'm happy to take any questions.