

# SIGAR

**Special Inspector General for  
Afghanistan Reconstruction**

**SIGAR 21-29 Audit Report**

## Counter Threat Finance: U.S. Agencies Do Not Know the Full Cost and Impact of Their Efforts to Disrupt Illicit Narcotics Financing in Afghanistan



MARCH  
2021

# SIGAR

## Special Inspector General for Afghanistan Reconstruction

### WHAT SIGAR REVIEWED

In September 2018, the Senate Caucus on International Narcotics Control (Senate caucus) requested that SIGAR conduct a review of the U.S. government's counternarcotics initiatives in Afghanistan, including counter threat finance (CTF) efforts against the Afghan terrorist narcotics trade.

In August 2017, the then U.S. Administration initiated its *Strategy in Afghanistan and South Asia* ("South Asia Strategy"). This strategy, among other things, expands U.S. authority to target terrorist and criminal networks, and maximize sanctions and other financial and law enforcement actions against these networks to eliminate their ability to export terror. Several U.S. departments and agencies work to counter terrorist and criminal financing in Afghanistan, including the Departments of Defense (DOD), Justice (DOJ) (of which the Drug Enforcement Administration (DEA) is a component), State (State), and the Treasury (Treasury). (Hereafter, we refer to all of the departments and the one agency as "agencies" unless stated otherwise.)

This audit addresses the Senate caucus' request to review U.S. CTF efforts in Afghanistan since January 2017 to disrupt the Taliban's and other organizations' illicit narcotics financing in Afghanistan. Specifically, our objectives were to (1) identify the CTF efforts and funding U.S. agencies have directed at the Afghan terrorist narcotics trade in Afghanistan; (2) determine the extent to which U.S. agencies measure and evaluate the effectiveness of CTF efforts directed at the Afghan terrorist narcotics trade in Afghanistan; and, (3) identify what challenges, if any, affect CTF efforts and how the agencies are addressing these challenges.

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March 2021

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### SIGAR 21-29 AUDIT REPORT

#### WHAT SIGAR FOUND

SIGAR identified three efforts that U.S. agencies implemented to target Taliban and other terrorist drug trade-related funding sources since January 2017. These efforts are (1) DOD's Airstrike Campaign, (2) DOD's Acquisition Management and Integration Center's "Global Counter Threat Finance" contract, and (3) the 2017 and 2019 interagency agreements (IAAs) between DEA and State's Bureau of International Narcotics and Law Enforcement Affairs (State INL). DEA, DOD, DOJ, State, and Treasury identified a total of 14 efforts—in response to SIGAR's request for information—implemented since January 2017 that target terrorist drug trade-related sources of funding. However, 11 of these efforts did not meet DOD's CTF definition and did not specifically cover U.S. government CTF efforts targeting drug revenue and the illicit drug trade in Afghanistan. While U.S. agencies have no requirement to track funds spent specifically on CTF efforts in Afghanistan, SIGAR found that the U.S. government has spent at least \$21.9 million on both DOD's Global CTF contract and the 2017 and 2019 IAAs between DEA and State INL since January 2017; DOD does not track costs associated with its airstrike campaign.

SIGAR found that agencies cannot determine the impact of their efforts on overall CTF goals in Afghanistan for several reasons. First, DOD is not required to, and did not, measure the overall performance of its CTF efforts in Afghanistan or the extent to which DOD contributed to overall U.S. CTF goals in Afghanistan. DOD also faces limitations in measuring such performance in Afghanistan. For example, officials from DOD's Office of the Under Secretary of Defense for Policy (OUSDP) told us that DOD lacks clear guidance for how to measure the performance of its CTF efforts. The officials added that CTF is "an important and essential topic" and that DOD is working with all U.S. executive branch partners to better measure CTF efforts. In addition, U.S. Central Command (CENTCOM) officials said that DOD's CTF intelligence research and analysis work—for example, through the Global CTF contract—helps evaluate CENTCOM contributions to CTF efforts, but does not link to evaluations examining the success of U.S. CTF efforts more broadly in Afghanistan. Therefore, when producing and sharing threat finance intelligence analysis with other agencies, it is difficult to understand and assess the impact of DOD analysis on other agencies' overall CTF efforts.

Second, although DEA met the IAA requirements to monitor and report on the performance of its efforts to implement the agreements, it is uncertain how DEA's efforts align with broader State or U.S. CTF goals in Afghanistan. The IAAs require DEA to provide timely quarterly performance progress reports to State INL explaining DEA's implementation of the IAA. These reports must include information on efforts, outputs, and results for each IAA activity, and address specific outcomes listed in the IAA. For example, DEA must report on the numbers of DEA enforcement operations, drug labs destroyed, and

overall amount of revenue denied to narcotics traffickers (e.g., Taliban) as a result of drug seizures. SIGAR has found that DEA submitted performance data for each quarter since January 2017, as required. However, it is unclear how DEA's efforts support broader U.S. CTF strategic goals in Afghanistan, and DEA officials do not receive information from State or interagency groups on how DEA efforts support those broader CTF goals. DEA headquarters officials told us that they did not know how IAA performance metrics are aligned with high-level CTF strategic goals in Afghanistan, and that unless the IAA explicitly states a connection to a strategy, DEA sees "no direct linkage" between its CTF IAA efforts and State's overall CTF goals in Afghanistan. Moreover, without this explicit connection, DEA officials told us they are unsure how State uses the DEA-provided IAA performance data.

Finally, no U.S. government agency has responsibility for assessing overall U.S. CTF efforts in Afghanistan. At the direction of the U.S. President, State establishes U.S. government priorities in Afghanistan—for example, through the Integrated Country Strategy—and State's INL, the Bureau of South and Central Asian Affairs, and the Office of Threat Finance Countermeasures each have a role in executing and coordinating CTF activities in Afghanistan. However, State is not conducting analyses of how the U.S. government's CTF efforts are coordinated, support strategic objectives, or achieve intended outcomes. A senior DEA official working in Afghanistan stated that in 2017, pursuant to the South Asia Strategy, he worked with a National Security Council-led (NSC) working group to align DEA activities and report on progress made toward achieving high-level CTF strategic goals. This NSC-led working group existed to support broader U.S. CTF goals, although officials were not more specific with SIGAR when explaining the group's work. DEA senior officials told us the NSC working group dissolved in early 2019, and they were unaware of any efforts to replace the coordinating body that aligned individual agency activities—like the State INL IAAs—with broad U.S. government strategic CTF goals in Afghanistan.

Agencies also identified training and personnel challenges that could impact future CTF efforts in Afghanistan. For example, DOD and Treasury officials told us that personnel in the field of CTF or anti-money laundering at their agencies lacked minimum standards of qualification, an advanced training plan, or a career-path. Officials acknowledged that their agencies' respective CTF personnel have skills and training that vary greatly from person to person. As a result, the varied CTF skills and training could impact future efforts in Afghanistan if they are not addressed. In addition, DOD reported that institutional barriers restrict the ability of CTF professionals to move laterally or vertically within the department during their careers. For example, the variety of job series categories found in CTF positions across DOD makes it difficult for personnel to move between components when the components' positions fall under a different job series. As a result, DOD reported that it "runs a greater risk of losing talented CTF personnel. These and other obstacles reduce the breadth of experiences, skills, and expertise that DOD CTF personnel should develop by working in different locations during their careers." SIGAR found that DOD has not implemented all requirements in its May 2017 Directive 5205.14, *DOD Counter Threat Finance (CTF) Policy*, which contains requirements that could help prevent these personnel challenges from impacting future CTF efforts in Afghanistan.

## WHAT SIGAR RECOMMENDS

To better understand the performance and impact of the Department of Defense's CTF activities in Afghanistan, SIGAR recommends that the Under Secretary of Defense for Policy:

- 1. Improve guidance requiring performance monitoring and evaluation of DOD's CTF efforts in Afghanistan. Guidance should include detailed information on the cost of agency efforts, and the extent to which efforts achieved specific outcomes and contributed to broader U.S. strategic objectives.**

To better understand the performance and impact of the Department of State's CTF activities in Afghanistan, we recommend that the Secretary of State:

- 2. Develop guidance to enhance performance monitoring and evaluation of State's CTF efforts in Afghanistan. Guidance should detail how State and DEA coordinate their CTF efforts, how efforts are aligned with U.S. government strategic CTF goals in Afghanistan, and how State should use IAA performance information to provide regular reports to agencies and congressional stakeholders that document the overall performance of CTF efforts in Afghanistan.**

To help ensure DOD can help sustain and improve its CTF capability and enable DOD to recruit, train, and retain the best CTF workforce, SIGAR recommends the Under Secretary of Defense for Personnel and Readiness:

- 3. Complete the requirements detailed in DOD Directive 5205.14, *DOD Counter Threat Finance (CTF) Policy*, within 6 months of the issuance of this report.**

SIGAR received written comments from DOD's Acting Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats and from State's Executive Director of INL, which are reproduced in appendices V and VI, respectively. The Acting Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats concurred with the first recommendation. DOD OUSD-P officials said they concurred with the third recommendation, but noted that DOD's Office of the Under Secretary of Defense for Personnel and Readiness, to whom the recommendation is directed, provided no official response to this recommendation.

State INL concurred with the second recommendation directed to the Secretary State. Additionally, DOD's OUSD-P, CENTCOM, and Office of the Deputy Assistant Secretary of Defense; DOJ; and DEA provided joint technical comments that SIGAR incorporated into the report, as appropriate.

Treasury did not provide any comments.

SIGAR will follow up with DOD and State within 60 days to identify their actions to address their respective recommendations.



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

March 25, 2021

The Honorable Antony J. Blinken  
Secretary of State

The Honorable Dr. Janet Yellen  
Secretary of the Treasury

The Honorable Lloyd J. Austin III  
Secretary of Defense

The Honorable Merrick B. Garland  
U.S. Attorney General

This report discusses the results of SIGAR's audit of U.S. counter threat finance (CTF) efforts to disrupt the Taliban's and other organizations' illicit narcotics financing in Afghanistan. Since January 2017, the U.S. Departments of Defense (DOD), Justice (DOJ) via the Drug Enforcement Administration (DEA), and State (State) have implemented three CTF efforts, spending at least \$21.9 million across two of them. However, these agencies cannot, and are not required to, report the total amount of funds directed to their CTF efforts or determine the impact of their efforts on overall CTF goals in Afghanistan.

We are making three recommendations. We recommend that the Under Secretary of Defense for Policy (OUSD-P) improve guidance requiring performance monitoring and evaluation of DOD's CTF efforts in Afghanistan. Guidance should include detailed information on the cost of agency efforts, and the extent to which efforts achieved specific outcomes and contributed to broader U.S. strategic objectives. We also recommend that the Secretary of State develop guidance to enhance performance monitoring and evaluation of State's CTF efforts in Afghanistan. Guidance should detail how State and DEA coordinate their CTF efforts, how efforts are aligned with U.S. government strategic CTF goals in Afghanistan, and how State should use interagency agreement (IAA) performance information to provide regular reports to agencies and congressional stakeholders that document the overall performance of CTF efforts in Afghanistan. Finally, we recommend that the Under Secretary for Personnel and Readiness complete the requirements detailed in DOD Directive 5205.14, *DOD Counter Threat Finance (CTF) Policy*, within 6 months of the issuance of this report.

We provided a draft of this report to DOD, State, Treasury, DOJ, and DEA for comment. We received written comments from DOD's Acting Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats, and State's Executive Director of INL, and reproduced them in appendices V and VI, respectively. The Acting Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats concurred with the first recommendation. DOD OUSD-P officials said they concurred with the third recommendation, but noted that DOD's Office of the Under Secretary of Defense for Personnel and Readiness, to whom the recommendation is directed, provided no official response to this recommendation. State INL concurred with the second recommendation directed to the Secretary of State. Additionally, DOD's OUSD-P, U.S. Central Command (CENTCOM), and the Office of the Deputy Assistant Secretary of Defense; DOJ; and DEA provided joint technical comments that we incorporated into the report, as appropriate.

Treasury did not provide any comments.



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

We are requesting documentation of the corrective actions taken and/or target dates for completion of the recommendations. Please provide your responses on the corrective actions to be taken to [sigar.pentagon.audits.mbx.recommendation-follow-up@mail.mil](mailto:sigar.pentagon.audits.mbx.recommendation-follow-up@mail.mil), within 60 days from the issue date of this report.

SIGAR conducted this work under the authority of Public Law No. 110-181, as amended; and the Inspector General Act of 1978, as amended; and in accordance with generally accepted government auditing standards.

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

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## ABBREVIATIONS

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CTF	counter threat finance
DEA	Drug Enforcement Administration
DOJ	Department of Justice
DOD	Department of Defense
IAA	interagency agreement
State INL	Bureau of International Narcotics and Law Enforcement Affairs
NSC	National Security Council
OUSD-P	Office of the Under Secretary of Defense for Policy
State	Department of State
Treasury	Department of the Treasury
CENTCOM	U.S. Central Command
USFOR-A	U.S. Forces–Afghanistan



Afghanistan is the world's largest producer of opium and the source of more than 90 percent of the world's heroin.<sup>1</sup> Since 2001, the United States has allocated more than \$8 billion to fight opium production and trafficking in Afghanistan. We previously reported that despite this enormous investment, "no counterdrug program undertaken by the United States, its coalition partners, or the Afghan government resulted in lasting reduction in poppy cultivation or opium production."<sup>2</sup> According to U.S. Department of Defense (DOD) officials, a small portion of the overall U.S. counternarcotics funding has gone to counter threat finance (CTF) efforts directed at the Afghan terrorist narcotics trade.<sup>3</sup>

According to a UN Security Council report from June 2019,

The Taliban continue to adapt and expand their ability to maintain and generate financial revenues to support their operations.<sup>4</sup> The primary sources of income for the Taliban remain narcotics, illicit mineral and other resource extraction, taxation, extortion, the sale of commercial and government services and property, and donations from abroad.<sup>5</sup>

The UN report states that Afghan officials estimate Taliban income from narcotics between June 2018 and June 2019 amounted to approximately \$400 million. The report also notes that the Taliban now controls all aspects of narcotics production, which likely indicates that their total revenues are even higher.<sup>6</sup> In our February 2018 meeting, a senior official from the Resolute Support Counter Threat Finance Cell estimated that between 40 to 60 percent of the Taliban's revenue comes from narcotics trafficking.

The Egmont Group of Financial Intelligence Units ("Egmont Group"), an organization that facilitates intelligence sharing to investigate suspicious financial activity, states,

Terrorists and terrorist organizations also rely on money to sustain themselves and to carry out terrorist acts. Terrorists earn money from a wide variety of sources. While terrorists are not greatly concerned with disguising the origin of money, they are concerned with concealing its destination and the purpose for which it collected. Terrorists and terrorist organizations, therefore, employ techniques similar to those used by money launderers to hide their money.<sup>7</sup>

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<sup>1</sup> SIGAR, *Counternarcotics: Lessons from the U.S. Experience in Afghanistan*, SIGAR-LL-18-52-AR, June 2018, pp. ix and 37.

<sup>2</sup> SIGAR, *Counternarcotics*, SIGAR-LL-18-52-AR, p. vii. From fiscal years 2002 through 2017, the U.S. government allocated approximately \$8.62 billion for counternarcotics efforts in Afghanistan.

<sup>3</sup> Department of Defense (DOD) Directive 5205.14, *DOD Counter Threat Finance (CTF) Policy*, August 9, 2010, (incorporating Change 3, May 4, 2017), defines CTF as activities and actions to deny, disrupt, destroy, or defeat the generation, storage, movement, and use of assets to fund activities that support a threat network's ability to operate.

<sup>4</sup> Pursuant to Executive Order 13244, *Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism*, September 25, 2001, the Taliban is designated as a "specially designated global terrorist" organization. The U.S. Department of the Treasury (Treasury) may designate any foreign individuals or entities as a "specially designated global terrorist" if they have committed, or pose a significant risk of committing, acts of terrorism that threaten the security of U.S. nationals or national security, foreign policy, or economy of the United States. Treasury may also designate any individual or entity that assists in, sponsors, or provides financial, material, or technological support for, or financial of other services to or in support of, acts of terrorism or designated individuals or entities.

<sup>5</sup> UN Security Council, *Tenth Report of the Analytical Support and Sanctions Monitoring Team submitted pursuant to resolution 2255 (2015) concerning the Taliban and other associated individuals and entities constituting a threat to the peace, stability and security of Afghanistan*, June 13, 2019, p. 10.

<sup>6</sup> UN Security Council, *Tenth Report of the Analytical Support and Sanctions Monitoring Team...*, p. 10.

<sup>7</sup> The Egmont Group, "Money Laundering and Financing Terrorism," <https://egmontgroup.org/en/content/money-laundering-and-financing-terrorism>, accessed May 8, 2020. The Egmont Group is a united body of 164 Financial Intelligence Units. Financial Intelligence Units serve as national centers for the receipt and analysis of suspicious transaction reports and other information relevant to money laundering, associated predicate offenses, and terrorist financing, and for the dissemination of the results of that analysis. The Egmont Group provides a platform for the secure exchange of expertise and financial intelligence to combat money laundering and terrorist financing. This is especially relevant because Financial Intelligence Units are uniquely positioned to cooperate and support national and international efforts to counter terrorist financing, and are the trusted gateway for sharing financial information domestically and internationally in accordance with global Anti Money Laundering and Counter Financing of Terrorism standards.

On September 17, 2018, the Senate Caucus on International Narcotics Control (Senate caucus) requested that SIGAR conduct a review of the U.S. government's counternarcotics efforts in Afghanistan, including CTF efforts directed at the Afghan terrorist narcotics trade.

As part of that review, the caucus asked us to determine and report on the status of the Department of State (State)-led interagency 2012 *U.S. Counternarcotics Strategy for Afghanistan*, and State's revision of, or plans to revise, this strategy. In a January 2020 alert letter to the Senate caucus, we reported that State has not revised, and had no plans to revise, the 2012 *U.S. Counternarcotics Strategy for Afghanistan*.<sup>8</sup> State officials told us the department now follows the August 2017 *Strategy in Afghanistan and South Asia* ("South Asia Strategy"), which serves as overall guidance for U.S. strategic priorities, including counternarcotics efforts, in Afghanistan.

The South Asia Strategy expands authority for U.S. armed forces to target terrorist and criminal networks, and maximize sanctions and other financial and law enforcement actions against these networks, with the aim to eliminate their ability to export terror. In November 2017, the Commander of U.S. Forces–Afghanistan (USFOR-A) said new authorities given under the South Asia Strategy allow the United States to apply pressure across the "breadth and depth of the battle space, and also functionally, to attack their [terrorists and criminals] financial networks, their revenue streams," such as those derived from Afghan narcotics.<sup>9</sup> As a result, the commander emphasized that the U.S. government has forms of "military, diplomatic, economic and social pressure" being applied to compel the Taliban towards reconciliation.<sup>10</sup>

Several U.S. departments and an agency work to counter terrorist and criminal financing in Afghanistan, including DOD; the Departments of Justice (DOJ), State, and the Treasury (Treasury); and the Drug Enforcement Administration (DEA), a component of DOJ.<sup>11</sup> The agencies use different terminology to refer to combating illicit and terror financing, and conducting anti-money laundering and counter-revenue efforts.<sup>12</sup> For the purposes of our report, we used the term CTF.

This audit addresses the Senate caucus' September 2018 request for us to review U.S. CTF efforts in Afghanistan since January 2017 that are aimed at combating illicit income, derived from the narcotics trade, for the Taliban and other organizations that pose a threat to U.S. interests in Afghanistan. Specifically, our objectives were to (1) identify the CTF efforts and funding U.S. agencies have directed at the Afghan terrorist narcotics trade in Afghanistan; (2) determine the extent to which U.S. agencies measure and evaluate the effectiveness of CTF efforts directed at the Afghan terrorist narcotics trade in Afghanistan; and, (3) identify what challenges, if any, affect CTF efforts and how the agencies are addressing these challenges.<sup>13</sup>

To accomplish our objectives, we reviewed presidential executive orders, U.S. government strategies, department and agency guidance, department instructions and directives, and reports from both government and subject matter experts. We reviewed seven CTF-related contracts, supporting documents, and deliverables. We interviewed officials from these agencies and from the Office of the Director of National Intelligence. In addition to CTF efforts by DEA, DOD, DOJ, State, and the Treasury, we reviewed CTF efforts implemented by portions of the U.S. intelligence community, such as the Office of the Director of National

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<sup>8</sup> SIGAR, *U.S. Counternarcotics Strategy in Afghanistan*, SIGAR 20-18-AL, January 10, 2020.

<sup>9</sup> DOD, "Press Briefing by General Nicholson via teleconference from Kabul, Afghanistan," November 20, 2017. Comments by General John W. Nicholson Jr., Commander, Resolute Support and U.S. Forces–Afghanistan, p. 6.

<sup>10</sup> DOD, "Press Briefing by General Nicholson," p. 6.

<sup>11</sup> Hereafter, we refer to all of the departments and the one agency as "agencies" unless stated otherwise.

<sup>12</sup> The Egmont Group defines money laundering as "the method by which criminals disguise the illegal origins of their wealth and protect their asset bases, to avoid the suspicion of law enforcement agencies and prevent leaving a trail of incriminating evidence." According to the Egmont Group, the ability to prevent and detect money laundering is a highly effective means of identifying criminals and terrorists and the underlying activity from which money is derived. The application of intelligence and investigative techniques can be one way of detecting and disrupting the activities of terrorists and terrorist organizations. See The Egmont Group, "About," <https://egmontgroup.org/en/content/about>, accessed May 8, 2020; and The Egmont Group, "Money Laundering and the Financing of Terrorism," <https://egmontgroup.org/en/content/money-laundering-and-financing-terrorism>, accessed May 8, 2020.

<sup>13</sup> This performance audit scope covers U.S. CTF efforts in Afghanistan in place for the period of January 1, 2017, to the completion of the audit fieldwork in October 2020.

Intelligence, and efforts implemented by groups within the Afghan government. These groups included specialized units within the Counter Narcotics Police of Afghanistan, including the Sensitive Investigative Unit and the National Interdiction Unit, the Financial Transactions and Reports Analysis Center of Afghanistan, and the Special Mission Wing.<sup>14</sup> We also interviewed subject matter experts and researchers from academia and think tanks, such as the Brookings Institution, the London School of Economics, and Georgetown University. We conducted our work in Arlington, Virginia; Washington, DC; Tampa, Florida; and Kabul, Afghanistan, from February 2019 to October 2020, in accordance with generally accepted government auditing standards. Appendix I has a more detailed discussion of our scope and methodology.

## BACKGROUND

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The U.S. agencies in our review—DEA, DOD, DOJ, State, and the Treasury—use different terminology to refer to combating illicit and terrorist financing, and conducting anti-money laundering and counter-revenue efforts. The agencies use different terms, based on their specific authorities and their respective missions, to describe similar efforts and methodologies to pursue Afghan terrorist revenue obtained through the illegal narcotics trade. Those terms include CTF, anti-money laundering, counter-revenue, or countering finance of terrorism. The agencies also pursue various efforts to block illicit drug funding to terrorist organizations, such as denying drug production, trade, and income; identifying and stopping money laundering practices; and freezing access to bank accounts. In addition to the variety of terms used by agencies to describe their CTF activities, various agency components and offices conduct or support CTF activities in Afghanistan. Below is a summary of the agencies engaged in CTF activities in Afghanistan and the terms they use to describe their efforts (see appendix II for more details).

- DOD uses the term “CTF” to describe various actions taken to, for example, deny, disrupt, destroy, or defeat the generation, storage, movement, and use of assets to fund activities that support a threat network’s ability to operate, including kinetic operations. DOD uses the term “threat finance intelligence” to refer to intelligence activities that involve the collection, processing, integration, evaluation, analysis, interpretation, production, and dissemination of intelligence products in support of DOD CTF activities.<sup>15</sup> U.S. Central Command (CENTCOM), U.S. Forces–Afghanistan (USFOR-A), U.S. Special Operations Command, DOD’s Office of the Under Secretary of Defense for Policy’s (OUSD-P) Special Operations and Low Intensity Conflict/Counter Narcotics and Global Threats, the Defense Intelligence Agency, and the Joint Staff’s Transregional Threats Coordination Cell all have a role in CTF activities in Afghanistan. These agencies, offices, and sections engage in a wide variety of CTF activities, including kinetic actions, training, planning and coordination with coalition partners, intelligence gathering, and oversight.
- State uses the terms “CTF” and “threat finance countermeasures” to describe actions taken to combat terrorism and transnational organized crime, and detect, deter, and dismantle terrorist financial networks.<sup>16</sup> State’s Bureau of International Narcotics and Law Enforcement (State INL), Bureau of South and Central Asian Affairs, and Office of Threat Finance Countermeasures each have a role in CTF activities in Afghanistan. These offices and bureaus provide funding for other agencies’ CTF programs, such as that of the DEA, and help coordinate CTF activities throughout the U.S. government.

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<sup>14</sup> The Sensitive Investigation Unit is the research and analysis unit responsible for building targeting decks to inform operations executed by the National Interdiction Unit, the operational arm of the Counter Narcotics Police of Afghanistan. The Technical Investigative Unit is a sub-element of the Sensitive Investigation Unit, staffed by Sensitive Investigation Unit agents to maintain 24-hour coverage of all judicially intercepted lines under the Judicial Wire Intercept Program.

<sup>15</sup> DOD Directive 5205.14, *DOD CTF Policy*, 2010 (incorporating Change 3, May 4, 2017); and DOD, *DOD CTF 2.0: Supporting DOD’s CTF Force for the Next 10+ Years*, August 30, 2019.

<sup>16</sup> Department of State (State), “Office of Threat Finance Countermeasures,” accessed January 5, 2021, <https://www.state.gov/threat-finance-countermeasures/>; and State, “Division of Counter Threat Finance and Sanctions,” accessed January 5, 2021, <https://www.state.gov/terrorism-finance/>.

- Treasury’s CTF efforts focus on countering “illicit finance,” which are efforts to combat the financing of terrorism, narcotics trafficking or proliferation, money laundering, or other forms of illicit financing, domestically or internationally. Treasury’s Office of Terrorism and Financial Intelligence applies sanctions and anti-money laundering/countering the financing of terrorism regulations, and participates in enforcement actions, foreign engagement, intelligence and analysis, and private sector partnerships, to combat illicit financing worldwide, including in Afghanistan.
- DOJ’s efforts are focused on “anti-money laundering” and “countering the financing of terrorism,” as outlined in its interagency agreements (IAA) with State INL. DOJ’s Criminal Division and Office of the Deputy Attorney General develop, enforce, and supervise the application of federal criminal laws; apply law to disrupt and prosecute terrorists, weapons proliferators, organized crime and drug networks, and money launderers; and oversee the interagency agreement between State INL and DOJ’s Office of the Deputy Attorney General, and the Office of Rule of Law–Afghanistan and Iraq’s portfolio in Afghanistan.
- DEA uses the term “anti-money laundering” to describe its CTF activities focused on investigating and interdicting illegal drug revenue and proceeds from drug trafficking.

Because U.S. government agencies do not share a common definition or use the same terms to describe CTF activities, for the purposes of this report, we used DOD’s definition of CTF efforts because it is the most broadly scoped in addressing Afghan terrorist funding, particularly illicit funding derived from the narcotics trade. DOD’s definition includes a wider range of efforts not found in the other agencies’ definitions for anti-money laundering or countering the finance of terrorism, such as bombing drug labs and other kinetic activity. As noted above, according to DOD, CTF includes

Activities and capabilities to deny, disrupt, destroy, or defeat finance systems and networks that negatively affect U.S. interests in compliance with all existing authorities and procedures. CTF efforts include activities to identify, understand, and evaluate a threat network’s ability to generate, store, move, and use funds.<sup>17</sup>

## U.S. Strategies Guiding CTF Efforts in Afghanistan

DOD, DOJ, State, and Treasury officials identified two primary U.S. government strategies that guide U.S. CTF efforts in Afghanistan, including efforts directed at the Afghan terrorist narcotics trade: a classified version of the South Asia Strategy and the classified Counter-Taliban Finance Strategy. However, as we reported in our January 2020 alert letter to the Senate caucus, these agencies either refused to provide us copies of the classified strategies or referred us to the National Security Council (NSC) to obtain these documents.<sup>18</sup>

DEA, DOD, DOJ, State, and Treasury officials told us the NSC-led Counter-Taliban Finance Strategy is an important document for defining and implementing CTF efforts, as well as the U.S. “whole-of-government” approach against the Taliban and other terrorist groups in Afghanistan. For example, a DOD official stated that the Counter-Taliban Finance Strategy provided DOD CTF guidance and directions that informed USFOR-A actions. We reported to the Senate caucus in January 2020 that this is a critical document for us to review to understand the whole-of-government approach to combating the Taliban’s and other terrorist groups’ drug revenue. Nevertheless, the NSC told us in August 2019 that the Counter-Taliban Finance Strategy was not available for review and was a “draft, pre-decisional framework paper prepared by a junior committee of the national security system, which the President has not approved.”

NSC stated that we could view a DOD copy of the classified version of the South Asia strategy “in camera” at DOD.<sup>19</sup> However, in September 2019, a DOD official in the Office of the Under Secretary of Defense for Policy (OUSD-P) said, “We are not aware of anything that was formally signed out [finalized or approved]” by the White

<sup>17</sup> DOD Directive 5205.14, *DOD CTF Policy*, 2010 (incorporating Change 3, May 4, 2017), pp. 12-13.

<sup>18</sup> SIGAR, U.S. Counternarcotics Strategy in Afghanistan, SIGAR 20-18-AL.

<sup>19</sup> The document review would be conducted in private at DOD’s offices. NSC refused to provide us a copy of the document.

House. This OUSD-P official added that the key elements of the strategy are published in DOD's semi-annual report to Congress, *Enhancing Security and Stability in Afghanistan*.<sup>20</sup>

In addition to refusing to provide us copies of the classified versions of the South Asia Strategy and Counter-Taliban Finance Strategy, the NSC refused our requests to interview any of its personnel responsible for coordinating and implementing these strategies. The NSC and other agencies we asked also refused to provide us associated documents that, for example, describe or report on how the agencies implement the strategies. In September 2020, after being presented with our preliminary audit findings, DOD allowed us to view a copy of the classified version of the South Asia Strategy "in-camera."<sup>21</sup> We reviewed it that same month—approximately one year after our original request.<sup>22</sup>

According to State officials, the *U.S. Counternarcotics Strategy for Afghanistan* and Executive Order 13773 on transnational organized crime also provide guidance for counternarcotics efforts and actions in Afghanistan.<sup>23</sup> State's 2012 *U.S. Counternarcotics Strategy for Afghanistan* outlined two major goals: (1) build the Afghan government's ability to be a self-sufficient force in reducing the drug trade, stabilizing the region, and improving the security situation; and (2) further weaken the link between terrorists and narcotics, specifically, targeting the funds terrorists receive from the Afghan narcotics industry.

Several other U.S. strategies, orders, plans, or laws are also relevant to CTF efforts in Afghanistan. They include, but are not limited to, the following:

- Public Law No. 115-44 (2017) directed the President, acting through the Secretary of the Treasury in consultation with the other relevant offices and departments of the U.S. government, "to develop a national strategy for combating the financing of terrorism and related forms of illicit finance."<sup>24</sup>
- Executive Order 13773 (2017) states the policy of the U.S. government is "to thwart transnational criminal organizations and subsidiary organizations, including criminal gangs, cartels, racketeering organizations, and other groups engaged in illicit activities that present a threat to public safety and national security...."<sup>25</sup>
- The *National Strategy for Counterterrorism (October 2018)* notes that "defeating the terrorist threat to the United States requires multiple lines of effort, including isolating and cutting off terrorists from their financial sources of support. In support of this, the U.S. government employs a range of targeted measures, including targeted sanctions, other financial measures, and law enforcement action, to identify, disrupt, and dismantle the financial networks that support these groups."<sup>26</sup>
- The *National Strategy for Combating Terrorist and Other Illicit Financing (2018)* "describes and assesses current U.S. government efforts to combat illicit finance threats and risks and identifies priorities, objectives, and potential areas for future improvement. It also highlights U.S. interagency and intergovernmental efforts to combat illicit finance domestically and internationally, including enforcement measures that include sanctions, prosecutions, and asset forfeiture, as well as

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<sup>20</sup> OUSD-P officials informed us that the South Asia strategy does not address any aspect of counternarcotics or CTF; however, DOD officials, via their responses to our initial request for information, identified the South Asia Strategy as one of the leading documents for CTF efforts in Afghanistan.

<sup>21</sup> The document review was conducted in private, at DOD's offices. NSC refused to provide us a copy of the document.

<sup>22</sup> We never received access to the Counter-Taliban Finance Strategy.

<sup>23</sup> Executive Order 13773, "Enforcing Federal Law With Respect to Transnational Criminal Organizations and Preventing International Trafficking," *Federal Register* 82, no. 29 (February 9, 2017), pp. 10691-10693, <https://www.govinfo.gov/content/pkg/FR-2017-02-14/pdf/2017-03113.pdf>.

<sup>24</sup> Countering America's Adversaries Through Sanctions Act, Pub. L. No. 115-44, § 261 (2017). Section 262 of Pub. L. No. 115-44 lists the contents of the national strategy required by section 261.

<sup>25</sup> Executive Order 13773, "Enforcing Federal Law With Respect to Transnational...", 2017, p. 10691.

<sup>26</sup> Summary description of the White House's *National Strategy for Counterterrorism of the United States of America*, October 4, 2018, as quoted from Treasury's *National Strategy for Combating Terrorist and Other Illicit Financing*, December 20, 2018, p. 43.

improvements in information sharing mechanisms and updated guidance to aid financial institutions in detecting and combating illicit finance threats.”<sup>27</sup>

- DOD Directive 5205.14, DOD Counter Threat Finance (CTF) Policy (2010) “establishes DOD policy and assigns DOD responsibilities for countering financing used to engage in terrorism, illicit trafficking networks, and related activities that support an adversary’s ability to negatively affect U.S. interests.”<sup>28</sup>
- State and the U.S. Agency for International Development’s Joint Strategic Plan FY 2018-2022 “outlines a strategic vision for foreign policy and development in support of the Administration’s strategic priorities and commitments to the American people. Key priorities in the Joint Strategic Plan include combating terrorism and transnational organized crime, and devising, implementing, and monitoring economic and energy sector sanctions. State houses several bureaus and offices that are responsible for carrying out these priorities and overseeing other issues related to countering illicit finance.”<sup>29</sup>

## U.S. AGENCIES IMPLEMENTED THREE CTF EFFORTS IN AFGHANISTAN BUT DO NOT ACCOUNT FOR THE TOTAL FUNDING SPENT ON THESE EFFORTS

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We identified three efforts falling under DOD’s CTF definition that U.S. agencies implemented in Afghanistan to target Taliban and other terrorist drug trade-related sources of funding since January 2017.<sup>30</sup> These efforts are (1) DOD’s Airstrike Campaign, (2) DOD’s “Global Counter Threat Finance” contract, and (3) the 2017 and 2019 IAAs between DEA and State INL.<sup>31</sup> However, U.S. agencies do not, and are not required to, account for the total amount of money spent specifically on CTF efforts in Afghanistan.<sup>32</sup>

Table 1 on the following page describes the three CTF efforts we identified.

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<sup>27</sup> Treasury, *National Strategy for Combating Terrorist and Other Illicit Financing*, December 20, 2018, p. 3. Treasury updated this strategy on February 6, 2020.

<sup>28</sup> DOD Directive 5205.14, *DOD CTF Policy*, 2010, p. 1.

<sup>29</sup> Summary description of State and U.S. Agency for International Development’s *Joint Strategic Plan FY 2018-2022*, February 2018, as quoted from Treasury’s *National Strategy for Combating Terrorist and Other Illicit Financing*, December 20, 2018, p. 101.

<sup>30</sup> DEA, DOD, DOJ, State, and Treasury originally identified a total of 14 efforts implemented since January 2017 that target terrorist drug trade-related sources of funding. However, we determined that 11 of these efforts did not meet DOD’s CTF definition and did not specifically cover U.S. government CTF efforts targeting drug revenue and the illicit drug trade in Afghanistan. Therefore, we did not include these efforts in our report. See appendix II for a complete list of these 11 CTF efforts. In addition, we were not given access to the Counter-Taliban Finance Strategy and associated documents that describe how the agencies implement the strategy. As a result, we were unable to determine if the strategy contained other CTF efforts that may have been included in our scope.

<sup>31</sup> The original period of performance for the IAA between DEA and State INL extended from September 2012 through March 2017. Since then, the IAA has been modified twice to extend its period of performance to March 2019 and later, through March 2021. Despite these extensions and modifications, we consider this IAA to be one effort.

<sup>32</sup> Each agency may account for funding under different lines of effort and their associated appropriations. However, agencies are not required to have a specific funding line for CTF efforts conducted in Afghanistan.

**Table 1 - U.S. Counter Threat Finance Efforts in Afghanistan**

Agency	Effort Name	Description
USFOR-A	DOD Airstrike Campaign	The airstrike campaign consisted of multiple operations against Taliban revenue targets, such as narcotics production, storage, and trafficking locations. Operations such as Iron Tempest and Jagged Knife are examples of airstrike efforts conducted to apply pressure on insurgents by striking Taliban revenue sources.
DOD*	Global CTF contract	The Acquisition Management and Integration Center is the U.S. Air Force contracting entity that manages DOD’s global contract to provide CTF intelligence analysis support to DOD Combatant Commands. As part of this global contract, there are CENTCOM-managed CTF analysts who contribute to the command’s CTF intelligence analysis that supports DEA operations and other U.S. efforts in Afghanistan. These analysts are responsible for providing and sharing CTF mission-specific intelligence analysis.
State INL and DEA	State INL-DEA IAA	The State INL-funded IAA with DEA supports DEA’s CTF interdiction program in Afghanistan. Broadly, State INL’s support to DEA’s Kabul Country Office is wide-ranging and includes material, wiretap equipment, trainers, and salary supplements for officers of Afghanistan’s Counter Narcotics Police. State INL assistance specifically supporting the CTF strategies, consisting of the Counter Taliban Finance Strategy and South Asia Strategy, includes the placement of two DEA Special Agents in the Kabul office with the objective of increasing the capacity of the Afghan specialized units, primarily the Sensitive Investigative Unit, to target the drug trade.  Program activities include training and mentoring Sensitive Investigative Unit officers in anti-money laundering techniques, and building complex cases from drug and asset seizure operations. Additionally, pursuant to DEA policy, all DEA operations have a parallel financial investigation operation; therefore, DEA considers its operations as CTF operations in parallel with their drug investigations. All DEA agents are expected to focus on the flow of drug money in all investigations, identify drug proceeds, prevent the production of drugs, and prohibit terrorist access to finances.

Source: Information provided by DEA, DOD, and State INL.

\* Note: Prior to 2019, CENTCOM held its own contract for Acquisition Management and Integration Center CTF activities; however, this contract ended in 2019, and all of CENTCOM’s CTF contract support was consolidated under an Office of the Secretary of Defense-managed Global Acquisition Management and Integration Center CTF contract. DOD counterdrug funding continued to be used across both contract mechanisms. Therefore, for the purposes of our audit, we use “DOD” to describe this effort and do not distinguish between the CENTCOM and Office of the Secretary of Defense periods of effort.

The 2018 *National Strategy for Combating Terrorist and Other Illicit Financing* states that many U.S. agencies do not separately track budget data related to illicit finance. According to this strategy, however, many U.S. agencies have a role in preventing, investigating, prosecuting, and recovering illicit proceeds related to terrorist and criminal actors. Agencies should integrate CTF into their goals to enhance national security and counter the threat of terrorism, thereby combating illicit finance, directly or indirectly, as a function of their authorities in accordance with their lines of effort. Although agencies may take a similar approach whenever possible in combating threat finance, aspects of CTF present unique challenges that must be considered when looking at the specific authorities of each implementing agency. As a result, and given that many agencies integrate CTF work into existing authorities and activities, and do not separately track budget data related to illicit finance, it is difficult to define explicit CTF efforts and identify illicit finance related funding for most programs.

Officials told us that their agencies either do not have dedicated CTF funding streams or do not have specific CTF budgets for Afghanistan. As a result, we cannot report the amount of total funding specifically spent on CTF in Afghanistan since January 2017.<sup>33</sup> Despite this, agencies were able to provide some insights into the amount of funding spent on CTF efforts. Based on information we received from DOD and State, the U.S. government has spent at least \$21.9 million on two of its three efforts since January 2017.<sup>34</sup> Specifically, State INL told us it “spent or otherwise committed” \$17.86 million of the total \$50.3 million IAA with DEA as of August 2020. CENTCOM officials estimated that each CTF analyst under the \$36 million total awarded for the global DOD Acquisition Management and Integration Center contract cost approximately \$250,000 per year—or approximately \$4.05 million since January 2017.<sup>35</sup>

DOD officials told us that counterdrug program money mainly funds U.S. CTF efforts. For example, State INL uses International Narcotics Control and Law Enforcement funds to support CTF operations and efforts under the IAA with DEA. Similarly, DOD uses counterdrug funds to pay for CTF intelligence analysts, including those working on the Global CTF contract, of which only a small portion directly supports CENTCOM’s CTF efforts related to Afghanistan. Additionally, DOD’s Operation and Maintenance and Overseas Contingency Operations appropriations fund DOD’s airstrike campaigns and other military operations that may provide CTF support. As a result, it is difficult for DOD to track all CTF-specific spending when funding for these efforts is included in multiple programs and funding activities. In addition, DOD officials stated that DOD, in general, did not typically follow costs associated with the CTF effort related to its Airstrike Campaign.<sup>36</sup>

## AGENCIES HAVE NOT DETERMINED THE IMPACT OF THEIR EFFORTS ON OVERALL CTF GOALS IN AFGHANISTAN

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We found that DEA, DOD, and State have not determined the impact of their efforts on overall CTF goals in Afghanistan for several reasons.<sup>37</sup> First, DOD does not have an agency-level requirement to measure and evaluate the performance of its CTF efforts and lacks clear guidance for how to do so. Second, although DOD has taken steps to measure the performance of some of its CTF efforts against the Afghan terrorist narcotics trade, DOD told us that measuring the performance of this work is difficult because DOD is trying to compare and reconcile quantitative output metrics against qualitative strategic goals. Third, although DEA met IAA requirements to monitor and report on the performance of its interagency agreement’s CTF efforts against the Afghan narcotics trade, DEA and State are unclear how these efforts support broader U.S. CTF strategic goals in Afghanistan.

In March 2021, in response to our draft report, DOD told us that it does have an agency-level requirement to measure and evaluate the performance of its CTF efforts. The May 2017 DODD 5205.14, *DOD Counter Threat*

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<sup>33</sup> In response our preliminary findings, a DOD official stated that some organizations within the department have a “line of funding” for CTF. According to this official, the Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats and each of the Combatant Commands have a CTF line of funding. However, DOD did not provide any documentation or specific funding numbers to back these claims. According to DOD officials, “Each agency accounts for how it spends funding. CTF efforts in Afghanistan are included in that account. Additionally, other agencies may not have operations ‘in’ Afghanistan and therefore may not have a line of funding for operations in Afghanistan even though they conduct CTF activities against threats based in Afghanistan.”

<sup>34</sup> Because DOD does not track costs associated with the airstrike campaign, we totaled the approximate costs available to us for the other two efforts.

<sup>35</sup> From 2017 to 2018, seven analysts served USFOR-A in Afghanistan in the Acquisition Management and Integration Center. However, in 2019, CENTCOM and USFOR-A decided that seven analysts were no longer required. Therefore, DOD consolidated CENTCOM’s CTF work under an Office of the Secretary of Defense-managed Global CTF contract, reducing the number of CTF analyst positions from seven to four. Of the four analysts, three were embedded with DEA at U.S. military locations in Afghanistan where DEA was a collaborating partner on targeting; the fourth was at U.S. Embassy Kabul.

<sup>36</sup> In March 2021, in response to our draft report, DOD told us it did not follow costs associated with the Airstrike Campaign “because it was seen as a USFOR-A initiative that was a relatively minor aspect of the DOD mission.”

<sup>37</sup> We do not discuss Treasury or DOJ in this section because neither agency has implemented an effort that we determined to be within the scope of this audit report.



*Finance (CTF) Policy*, directs DOD “to evaluate the policies, processes, and resources that affect DOD ability to execute DOD CTF activities, recommend actions as necessary to enhance DOD CTF capabilities, and oversee the DOD CTF activity programs.”<sup>38</sup> However, DOD officials said they interpret this language to be performance measurement requirements. The officials added the problem is not that they lack performance measurement guidance, but that it is inherently difficult to assess “quantitative metrics against qualitative strategic goals,” and that DOD is not required to, and does not, measure the degree to which DOD CTF efforts contributed to overall U.S. strategic goals in Afghanistan. These officials also told us that in August 2020, DOD established DOD Instruction 3000.14, *DOD Counterdrug and Counter-Transnational Organized Crime Policy*, that provides additional agency-level requirements for DOD to measure and evaluate the performance of its CTF efforts going forward.<sup>39</sup> As a result of this information, we updated the report language and our first recommendation.

## **DOD Does Not Measure and Evaluate the Performance of All Its CTF Efforts, and Faces Limitations in Measuring Such Performance in Afghanistan**

DOD officials told us that DOD is not required to, and does not, measure the performance of all DOD CTF efforts in Afghanistan or the extent to which DOD’s CTF efforts contributed to overall U.S. CTF goals in Afghanistan. OUSD-P officials added that DOD lacks clear guidance for how to measure the performance of CTF efforts. For example, the May 2017 DODD 5205.14, *DOD Counter Threat Finance (CTF) Policy* and the subsequent white paper, *DOD CTF 2.0: Supporting DOD’s CTF Force for the Next 10+ Years (DOD CTF 2.0)* discuss DOD CTF efforts, but do not establish requirements for how to measure the performance or progress of these efforts. The OUSD-P officials added that CTF is “an important and essential topic,” and that DOD is working with all the other U.S. executive branch partners to find a way to measure CTF efforts.

DOD officials stated that while the intelligence community and other U.S. government agencies produce assessments of CTF capabilities, impacts, and mission progress, these assessments do not apply solely to DOD CTF efforts and do not necessarily link to specific DOD CTF efforts performed in Afghanistan. In addition, CENTCOM officials stated that DOD’s CTF intelligence research and analysis work does not link to evaluations of larger CTF mission success. The CENTCOM officials added that, when producing and sharing threat finance intelligence analysis with other agencies, it is hard to understand and assess the impact of the analysis on the other agencies’ overall CTF efforts. For example, an intelligence analysis does not directly assess whether disruption of an enemy’s efforts or operations occurred because of the intelligence provided or for other reasons. According to DOD officials, if DOD provides analysis to another agency, it is up to the receiving agency to decide what, when, and how it uses DOD’s CTF work.

DOD does not have requirements to measure how the performance of DOD’s CTF-related Airstrike Campaign in Afghanistan contributed to overall U.S. CTF goals in Afghanistan. However, DOD officials told us USFOR-A had previously attempted to measure the tactical and operational impact of the airstrikes on U.S. CTF efforts aimed at Afghan terrorists. For example, USFOR-A tracked individual output metrics, such as the number of airstrikes conducted, targets identified, and drug labs bombed, and the estimated amount of revenue denied to the Taliban as a result of the airstrikes damaging drug production facilities. In addition, DOD reported anecdotal performance results for Operation Iron Tempest, a specific air strike operation, such as the contribution the airstrikes made towards getting the Taliban to negotiate reconciliation and implement a cease-fire in 2018.

Despite its output-based reporting, DOD also told us it faces limitations in measuring and evaluating the performance of its overall CTF efforts in Afghanistan. For example, a senior DOD CTF official stated that it is hard to know the impact of CTF operations, such as DOD’s Airstrike Campaign, and the amount of revenue denied to the Taliban, as a result of the airstrikes, because there is no single metric to determine success.<sup>40</sup>

<sup>38</sup> DOD Directive 5205.14, *DOD CTF Policy*, 2010, p. 5.

<sup>39</sup> DOD Instruction 3000.14, *DOD Counterdrug and Counter-Transnational Organized Crime Policy*, 2020.

<sup>40</sup> DOD acknowledged that determining the amount of revenue denied is an inexact methodology and extremely difficult to accurately quantify. We have reported in the past on the challenges and critiques of DOD and DEA calculating revenue denied as a performance metric (see SIGAR, *Quarterly Report to Congress*, October 30, 2018).

The official said that there are too many factors to try to identify and isolate the impact of any specific measure. Another senior DOD official stated that while the established metrics and CTF intelligence analysis are used to identify specific successes (outputs) of DOD's airstrikes, there is no way to fully understand the impact of each measure taken. Taken together, DOD performance measurement efforts and statements from officials demonstrate that determining overall outcomes is more challenging than reporting on singular efforts and their resulting outputs.

Another limitation to measuring and assessing the performance of DOD CTF efforts is that DOD attempts to use quantitative metrics to assess CTF performance against qualitative strategic goals. A senior DOD official stated that quantitative metrics are used to measure operational success, whereas qualitative metrics are used to measure strategic success. According to the DOD official, this practice puts operational metrics at odds with strategic goals as DOD tries to reconcile different indicators. For example, quantitative estimates of revenue denied (an operational success) do not necessarily reflect the Taliban's willingness to come to the negotiation table (a strategic success). The official noted that this, in effect, can lead to a "guessing game" when it comes to assessing the overall success of DOD's Airstrike Campaign.

As for DOD's Global CTF contract, CENTCOM has performance measurement requirements for the contractor to report on its performance under the contract, but CENTCOM is not required to measure the impact of the contract on the overall CTF mission in Afghanistan. According to the contract's performance requirements, Acquisition Management and Integration Center contractors are required to produce and submit CTF action plans, reports, studies, target packages, analytics, and strategies in a timely and accurate manner. For example, the contract requires contractors to ensure "100% of deliverable requirements are met and received on time," and that the deliverables contain "accurate critical information." While Acquisition Management and Integration Center contract monthly status reports, performance surveys, and quarterly expenditure reports collect information to evaluate the performance of CTF analysts' intelligence and analysis work, these reports do not contribute to broad impact assessments of CTF mission performance in Afghanistan. CENTCOM officials confirmed that CENTCOM does not produce any larger CTF assessments using the Acquisition Management and Integration Center performance data.

In September 2020, a senior DOD official reiterated DOD's difficulty in measuring the performance and assessing the impact of its CTF efforts in Afghanistan. The official told us

Ultimately, we are trying to influence an adversary's decision calculus and degrade their ability to operate by denying and disrupting their funding... how do you assess whether something did not happen because of a lack of funding?

Similarly, CENTCOM told us

Despite debates over revenue denied amounts, it is unrealistic to evaluate the impact of this [CTF] effort by the cost of the operation or labs destroyed alone because the real goal is to have the Taliban come to the table.

Finally, DOD officials noted that while USFOR-A does not have the capacity or resources to complete reports, assessments, or strategic analysis of CTF efforts in Afghanistan, the NSC had an initiative to measure the impact of DOD's and other stakeholders' CTF efforts in Afghanistan. A DOD official stated that since applying pressure on the financial revenue sources of the Taliban is a goal of the South Asia Strategy, to achieve this goal, the NSC developed a set of classified objectives containing CTF-specific performance metrics.<sup>41</sup> According to the CENTCOM official, CENTCOM participated alongside other interagency stakeholders in NSC discussions about progress made and next steps for achieving these CTF objectives in Afghanistan.<sup>42</sup>

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<sup>41</sup> For example, in an April 2018 meeting with SIGAR's Inspector General, the USFOR-A Commander said the new counternarcotics authorities allow the military to attack Taliban revenue streams and not necessarily affect drug supplies.

<sup>42</sup> We could not review or analyze some classified objectives or performance metrics meant to help understand the impact of CTF efforts in Afghanistan because all of the agencies and NSC denied us access to one of the key strategies and its associated documents.

SIGAR and GAO have previously reported that collecting performance information and systematically comparing the effectiveness of multiple programs that have similar objectives can help to assess outcomes.<sup>43</sup> Without requirements or clear guidance for how to measure and evaluate the impact of CTF efforts, it is unclear how DOD is gauging progress towards achieving its goals and ensuring that resources are focused most effectively.

## **DEA Met Requirements to Monitor and Report on the Performance of IAA Efforts, But It is Unclear How DEA's Efforts Support Broader U.S. CTF Strategic Goals**

The State INL-DEA IAA focuses on the identification, investigation, disruption, dismantlement, and ultimate prosecution of drug trafficking and money laundering organizations based in Afghanistan. The terms of the IAA require DEA to provide timely quarterly performance progress reports to State INL explaining DEA's IAA implementation. These periodic performance reports must include information on efforts, outputs, and results for each IAA activity, and address specific outcomes.<sup>44</sup> For example, DEA must report on the increase in the number of DEA enforcement operations, drug labs destroyed, and amount of revenue denied to narcotics traffickers, such as the Taliban, as a result of drug seizures. A DEA official noted that although some IAA indicators are not specific to CTF, they are specific to drug trafficking, which often overlaps with threat finance issues. The IAA states that it established the performance metrics to measure the DEA's effectiveness in achieving the IAA's goals to increase the capability and capacity of Afghan Specialized Counternarcotics units to conduct independent and sustainable operations, support and produce threat finance intelligence analysis, and support and de-conflict investigations of Afghan terrorists involved in narcotics.

State INL officials responsible for reviewing DEA's reports told us that DEA has consistently met IAA requirements to submit quarterly performance reports. Based on our own analysis of DEA performance reporting, we found that DEA submitted performance data for each quarter since January 2017, as required.

A State official explained that the performance data available through DEA quarterly reporting under the IAA is "extremely important" for informing decision making by Congressional and other agency stakeholders. The information also shows how U.S. efforts help deny the Taliban narcotic-related revenue. For example, DEA quarterly IAA data from the third quarter of 2017 through the second quarter of 2020 reported a total of \$507,128,384.15 in revenue denied as a result of drug seizures by Afghan counternarcotics units. Similarly, State INL-DEA IAA data reported a total of 81 labs destroyed by Afghan counternarcotics units since the third quarter of 2017. Although DEA reported the performance outputs of the DEA-supported Afghan counternarcotics units across the quarters, we found that DEA and State did not report or address whether these outputs met specific desired performance outcomes, as the terms of the IAA require. Despite the absence of causation or indications of success against established benchmarks in the DEA reports, State reported that the terms of the IAA were fulfilled and DEA performed the required reporting activities.

One DEA official told us the "proof of DEA's success is in the funding," and explained that because funding has continued in support of DEA operations under the IAA, then funding entities are satisfied with the performance of DEA's efforts. The DEA official explained that DEA's CTF efforts are performing successfully and told us to

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<sup>43</sup> See SIGAR, *Afghan Women: Comprehensive Assessments Needed to Determine and Measure DOD, State, and USAID Progress*, SIGAR 15-24-AR, December 18, 2014; SIGAR, *Primary and Secondary Education in Afghanistan: Comprehensive Assessments Needed to Determine the Progress and Effectiveness of Over \$759 Million in DOD, State, and USAID Programs*, SIGAR-16-32-AR, April 26, 2016; GAO, *Maritime Security: Ongoing U.S. Counterpiracy Efforts Would Benefit From Agency Assessments*, GAO-14-422, June 19, 2014; GAO, *Performance Measurement and Evaluation: Definitions and Relationships*, GAO-11-646SP, May 2, 2011.

<sup>44</sup> The IAA identifies five different activities or "subprojects:" (1) DEA and Afghan Bilateral Operations, (2) Contract Intelligence Analyst Mentoring and Support, (3) Afghan Judicial Wire Intercept Program, (4) Special Operations Division, (5) Special Agent Augmentation. In addition, performance measurement indicators identified include, but are not limited to, a 10 percent increase in the number of enforcement operations conducted by the National Interdiction Unit and Sensitive Investigative Unit, as compared to 2018; a 10 percent increase in revenue denied as a result of drug seizures by the National Interdiction Unit and Sensitive Investigative Unit, as compared to 2018; and a 10 percent increase in the number of labs destroyed by the National Interdiction Unit and Sensitive Investigative Unit, as compared to 2018.

review continued funding records as proof of success. However, continued programmatic or agency funding is merely a budgetary input, and is not replacement for qualitative measures of success or performance.

Even with the performance output reporting from DEA, it remains unclear how DEA's efforts contribute to broader U.S. CTF strategic goals in Afghanistan. DEA relies on State to ensure the IAA requirements address the U.S. government's strategic goals related to CTF. DEA headquarters officials told us that its IAAs with State derive almost entirely from State's appropriation priorities and requirements, and therefore, as a product of State, DEA receives these agreements after they are almost fully finalized. As a result, these DEA officials urged us to speak with State INL to understand how IAA metrics were aligned with high-level CTF strategic goals in Afghanistan, and that, unless the IAA explicitly states a connection to a strategy, then DEA sees "no direct linkage" between its CTF IAA efforts and State's—and by extension, the U.S. government's—overall CTF goals in Afghanistan. Moreover, without this explicit connection, DEA officials told us they are unsure how State INL uses the IAA performance data DEA provides to State. State, for its part, uses the performance data to support its annual appropriations requests. However, the information is not used to supplement any State analyses of overall outcomes related to U.S. government CTF efforts in Afghanistan.

Finally, it is not clear how DEA or State prioritizes DEA efforts in Afghanistan to ensure they support U.S. strategic CTF goals, and no U.S. government agency has responsibility for assessing overall U.S. CTF efforts in Afghanistan. State INL officials stated there are "no criteria" for prioritizing "big fish versus small fish" in terms of performance data derived from DEA CTF efforts. According to DEA, priorities are set in response from input received from DEA field offices about high-value targets and emerging issues.

As we reported in our January 2020 alert letter to the Senate caucus, the NSC refused to talk to us or provide documents to explain its roles and responsibilities as they relate to CTF.<sup>45</sup> Our review of documentation provided by State makes it clear that State establishes, at the direction of the President, U.S. government priorities in Afghanistan—through, for example, the Integrated Country Strategy—and State INL, the Bureau of South and Central Asian Affairs, and Office of Threat Finance Countermeasures each have a role in CTF activities in Afghanistan, including helping to coordinate CTF activities throughout the U.S. government. However, State is not conducting analyses of how the U.S. government's CTF efforts are coordinated, support strategic objectives, or achieve intended outcomes. A senior DEA official working in Afghanistan stated that in 2017, pursuant to the South Asia Strategy, he worked with an NSC-led working group to align DEA activities to and report on progress made toward high-level CTF strategic goals. This NSC-led working group existed to support broader U.S. CTF goals, although officials were not more specific. DEA officials told us, "DEA had a clearly defined role" in this working group. As DEA's former representative on the NSC-led working group, this official stated that he communicated "defined activities to DEA Kabul management for implementation" as a result of these NSC-led discussions. This official declined to tell us any specifics on, for example, how or which DEA activities aligned with the classified Counter-Taliban Finance Strategy, which we were not able to view. DEA senior officials told us the NSC-led working group dissolved in early 2019, and they were unaware of any efforts to replace the coordinating body that aligned individual agency activities—like the State INL-DEA IAA—with broad U.S. government strategic CTF goals in Afghanistan.

## AGENCIES IDENTIFIED TRAINING AND PERSONNEL CHALLENGES THAT COULD IMPACT FUTURE CTF EFFORTS IN AFGHANISTAN, AND DOD HAS BEGUN TAKING STEPS TO ADDRESS THEM

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DOD identified CTF training and personnel challenges that could impact future global CTF efforts, including those in Afghanistan. In 2019, OUSD-P produced a white paper *DOD CTF 2.0*, "to ensure DOD can sustain and improve its counter-threat-finance (CTF) capability."<sup>46</sup> This paper describes the need to establish CTF working

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<sup>45</sup> SIGAR, U.S. Counternarcotics Strategy in Afghanistan, SIGAR 20-18-AL.

<sup>46</sup> DOD, *DOD CTF 2.0*, p. 1.

groups within DOD to identify challenges, develop options, and make recommendations to leadership that address global CTF challenges in education and personnel.

DOD and Treasury officials all told us their agencies lacked minimum standards of qualification, an advanced training plan, or a career-path for personnel in the field of CTF or anti-money laundering.<sup>47</sup> DOD reported that “there is no established pathway for the professional education of DOD CTF personnel,” and that DOD lacked a defined curriculum or education standards to determine if someone is “CTF-qualified.”<sup>48</sup> DOD further explained that personnel must exercise their own initiative to find courses and continue their education within DOD, other U.S. government departments and agencies, international organizations, or the private sector.

DOD and Treasury officials noted that the U.S. government’s training, development, and professionalization of personnel in CTF and anti-money laundering appears to be ad hoc, and relies extensively on mentorship and work experience. For example, in response to our questions, Treasury’s Office of Technical Assistance stated that it relies on personal service contracts with external advisors who have specific anti-money laundering expertise; they are recruited and hired after established careers, typically in the financial, regulatory, analytical, enforcement, or legal sectors. DOD, State, and Treasury officials also noted concerns with the lack of expertise in the civilian and military workforce for current and future CTF positions. The officials acknowledged that as a result, their agencies’ respective CTF personnel have skills and training that vary greatly. Agencies’ varied and unstandardized CTF skills and training could impact future efforts in Afghanistan.<sup>49</sup>

In September 2020, after we presented our preliminary audit findings, Treasury’s Office of Terrorism and Financial Intelligence provided us additional information regarding personnel training. An April 2019 policy states that the Office of Terrorism and Finance Intelligence provides “training and development opportunities for all TFI [Terrorism and Financial Intelligence] employees that enhance individual knowledge, skills, and ability in support of TFI’s core mission, organizational needs, and individual career goals.” Treasury officials told us that through this policy, the Office of Terrorism and Finance Intelligence provides a “wide array of training on the subject [anti-money laundering and countering the financing of terrorism]” and listed trainings that include conferences, seminars, videos, books, webinars, internal seminars, and private sector certifications. Treasury’s Financial Crimes Enforcement Network responded in September 2020,

The AML/CFT [anti-money laundering and countering the financing of terrorism] area is broad in scope, there are vastly different and complex topics, skills, and roles within this single specialty. For that reason, the Financial Crimes Enforcement Network does not use a one-size-fits-all approach to professional certifications, standards, qualifications, or trainings.

Although Treasury provided us with new evidence that it supports training and professional development in anti-money laundering and CTF, this does not change Treasury officials’ earlier statements that the department has no minimum standard of qualification, advanced training plan, or career-path for personnel in the field of CTF or anti-money laundering. While Treasury offers a number of training avenues in CTF areas, we maintain there is no standard career-path or curriculum. Treasury’s policy requires and relies on employees creating their own individual development plan in conjunction with their supervisors. As a result, Treasury employees may be able to work in the same field of CTF or anti-money laundering, but each employee could take a different selection of courses or trainings because there are no established, across-the-board standards.

Similarly, DOD reported that institutional barriers restrict the ability of CTF professionals to move laterally or vertically within the department. For example, the variety of job series categories found in CTF positions across

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<sup>47</sup> DEA told us in April 2020 that the then administration did not have concerns about CTF education and personnel. DEA officials said DEA offers a variety of basic, intermediate, advanced, and specialized training for DEA personnel in the area of anti-money laundering taught at the DEA Academy. However, despite our requests, DEA did not provide any directive, instruction, or memorandum detailing specific CTF training requirements or qualifications. DOJ did not provide additional (to DEA’s response) courses, qualifications, or training plans for its personnel.

<sup>48</sup> DOD, *DOD CTF 2.0*, p. 2.

<sup>49</sup> In March 2021, in response to our draft report, DOD officials told us that they do not believe their future CTF work would be impacted because “CENTCOM only chooses experienced CTF analysts to be forward-deployed in Afghanistan.”

DOD makes it difficult for personnel to move between DOD components—offices or agencies within DOD—when those positions fall under different job series. Some job series descriptions are so general that CTF personnel risk losing the ability to continue their CTF careers if they move to a different position in the same job series. According to *DOD CTF 2.0*,

Institutional barriers restrict the ability of CTF professionals to move laterally and vertically within DOD during their careers. As a result, DOD runs a greater risk of losing talented CTF personnel...These and other obstacles reduce the breadth of experiences, skills, and expertise that DOD CTF personnel should develop by working in different locations during their careers.<sup>50</sup>

Although DOD, State, and Treasury all noted common CTF challenges with education and personnel management, DOD was the only agency to cite these challenges as a significant potential impediment to the overall CTF mission.<sup>51</sup> DOD officials also told us that they are working to address the CTF education and training challenges identified in the *DOD CTF 2.0* white paper. Specifically, the white paper outlines DOD's creation of CTF working groups to identify challenges, develop options, and make recommendations to leadership. For example, the education working group plans to focus on identifying and recommending training and education opportunities, including introductory and advanced courses, to form a holistic curriculum for DOD personnel to develop, maintain, and enhance their CTF knowledge and skills. In addition, the CTF personnel working group plans to focus on identifying institutional barriers to personnel mobility and retention, and will recommend ways to remove or weaken those barriers.

Although DOD officials told us they are working to address these challenges, we found that DOD already has existing requirements that could help, but DOD has not implemented them. Addressing these requirements across DOD could help DOD prevent the CTF training and personnel challenges from impacting future CTF efforts in Afghanistan. Among other requirements for varied DOD components, the May 2017 *DOD CTF Policy* specifies that the Under Secretary of Defense for Personnel and Readiness shall;

1. Provide guidance on personnel policy issues related to DOD CTF.
2. In coordination with the Secretaries of the Military Departments, ensure policies and procedures are in place to identify and monitor military and civilian personnel who have been trained or are experienced in CTF.
3. In coordination with OUSD-P, and in conjunction with the Chairman of the Joint Chiefs of Staff and the Secretaries of the Military Departments, annually assess the sufficiency and readiness of civilian and uniformed personnel to meet DOD CTF-related requirements. The appropriate organizations shall address any deficiencies or readiness issues discovered.<sup>52</sup>

OUSD-P officials told us that other DOD components did not see CTF or the lack of sufficient CTF personnel as an important priority over other issues, and as a result, have not addressed the directive's requirements. DOD officials from the Office of the Under Secretary for Personnel and Readiness acknowledged the directive's requirements have not been met; DOD did not have a specific explanation for why it has failed to implement its requirements. In June 2020, officials from the Office of the Under Secretary for Personnel and Readiness stated that they directed the directive's requirements to be completed, but informed us that they did not establish any required completion dates for the tasks.

In September 2020, after we presented our preliminary audit findings, officials from the Office of the Under Secretary for Personnel and Readiness stated that their office is not responsible for establishing requirements, but only for providing assistance once a requirement is established. These officials responded, "We will work with [O]USD(P) and any other component to addresses specific CTF issues that cannot be managed with

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<sup>50</sup> DOD, *DOD CTF 2.0*, p. 4.

<sup>51</sup> In September 2020, after we presented our preliminary audit findings, a senior DOD official stated that even though DOD was taking action to address the issues identified in *DOD CTF 2.0*, these issues have not directly impacted CTF work in Afghanistan to date.

<sup>52</sup> DOD Directive 5205.14, *DOD CTF Policy*, 2010, p. 7.

existing polices when they are identified.” These officials further noted, “We do manage overarching policies and processes that enable specialized training and education throughout DOD, and are ready to assist OUSD-P and the other Components with understanding these policies and processes and addressing issues as needed.” Regardless of which of its entities DOD wishes to fulfill its departmental requirements, we maintain the DODD 5205.14 establishes clear requirements that the Office of the Under Secretary for Personnel and Readiness must address as they continue to work with other DOD components.

## CONCLUSION

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DOJ (including DEA), DOD, and State have spent tens of millions of dollars since 2017 to implement their CTF programs in Afghanistan. However, the agencies do not, and are not required to, report the total amount of funds directed to their CTF efforts. Similarly, the agencies do not, and are not required to, determine the impact of these efforts and they have not determined the impact of their efforts on overall CTF goals in Afghanistan. Without requirements or clear guidance for how to measure the performance of their efforts, it is unclear how DOD and State gauge progress towards achieving programmatic goals, how CTF efforts contribute to broader U.S. strategic objectives, and the extent to which the agencies use performance data to make funding decisions. This lack of performance monitoring and evaluation is particularly troubling because no agency consolidates performance reporting into any broad analyses. Moreover, although State had DEA collect output information to help understand the performance of their IAA, State has not used the information to evaluate outcomes, thereby missing an opportunity to learn about and improve its CTF IAA efforts in Afghanistan.

DOD, State, and Treasury also identified training and personnel challenges that could impact future CTF efforts in Afghanistan. Although all of the agencies acknowledged these challenges, they expressed varied opinions on the extent to which the challenges have negatively impacted their respective CTF efforts in Afghanistan, and only DOD has taken steps to address the challenges. We found that DOD already has existing requirements as outlined in the *DOD Counter Threat Finance (CTF) Policy* that could help to address these challenges that could impact future CTF efforts in Afghanistan, but DOD has not implemented them.

## RECOMMENDATIONS

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To better understand the performance and impact of the Department of Defense’s CTF activities in Afghanistan, we recommend that the Under Secretary of Defense for Policy:

- 1. Improve guidance requiring performance monitoring and evaluation of DOD’s CTF efforts in Afghanistan. Guidance should include detailed information on the cost of agency efforts, and the extent to which efforts achieved specific outcomes and contributed to broader U.S. strategic objectives.**

To better understand the performance and impact of the Department of State’s CTF activities in Afghanistan, we recommend that the Secretary of State:

- 2. Develop guidance to enhance performance monitoring and evaluation of State’s CTF efforts in Afghanistan. Guidance should detail how State and DEA coordinate their CTF efforts, how efforts are aligned with U.S. government strategic CTF goals in Afghanistan, and how State should use IAA performance information to provide regular reports to agencies and congressional stakeholders that document the overall performance of CTF efforts in Afghanistan.**

To help ensure DOD can sustain and improve its CTF capability, and enable DOD to recruit, train, and retain the best CTF workforce, we recommend that the Under Secretary of Defense for Personnel and Readiness:

- 3. Complete the requirements detailed in DOD Directive 5205.14, *DOD Counter Threat Finance (CTF) Policy* within 6 months of the issuance of this report.**

## AGENCY COMMENTS

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We provided a draft of this report to DOD, State, Treasury, DOJ, and DEA for comment. We received written comments from DOD's Acting Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats and State's Executive Director of INL, which we reproduced in appendices V and VI respectively. The Acting Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats concurred with the first recommendation. DOD OUSD-P officials said they concurred with the third recommendation but noted that DOD's Office of the Under Secretary of Defense for Personnel and Readiness, to whom the recommendation is directed, provided no official response to this recommendation. State INL concurred with the second recommendation, which is directed to the Secretary of State.

Additionally, DOD's OUSD-P, CENTCOM, and Office of the Deputy Assistant Secretary of Defense; DOJ; and DEA provided joint technical comments that we incorporated into the report as appropriate. For example, we clarified language in the report to reflect comments from DOD that it has recently issued agency-level guidance to measure and evaluate DOD CTF efforts, and comments from DEA to add additional clarification that the agency is a component of DOJ.

Treasury did not provide any comments.

With regard to the first recommendation, DOD concurred and stated that the recommendation "largely aligns with DOD's ongoing work in this important mission area." DOD also stated, "OUSD/Policy will continue to work on improving metrics for all of its global CTF activities, but is unable to definitively link activities, such as CTF-related airstrikes in Afghanistan, to 'specific outcomes' in Afghanistan, as recommended by the SIGAR audit team." We agree that there are challenges with measuring strategic or tactical outcomes, but reiterate that doing so is important to help DOD and the U.S. government gauge progress towards achieving its goals and ensuring that resources are focused most effectively. We also agree that DOD should take steps to improve its performance measurement of global CTF efforts, including Afghanistan.

With regard to the second recommendation, State INL concurred and stated that it is currently working with DEA to develop guidance to enhance performance monitoring and metrics of the IAA that will take effect on April 1, 2021. State INL also stated that it is coordinating with DEA to identify mechanisms to ensure that the IAA is aligned with U.S. and State CTF strategic goals and to ensure that IAA reporting may be made available to interested stakeholders. State INL stated it will share the guidance with us once completed.

With regard to the third recommendation, OUSD-P generally concurred. The Acting Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats stated that OUSD-P "already has several initiatives underway to improve training and mobility opportunities for its CTF personnel..." and that our report "did not identify any instances in which DOD CTF activity in Afghanistan was hindered by a lack of standardized training or uniform qualifications of its CTF personnel." DOD also noted that the DOD Office of Inspector General is currently undertaking an evaluation of the DOD CTF program. We are aware of the DOD Inspector General's ongoing work and coordinated with that office throughout our audit. Finally, DOD said that NSC staff was hesitant to provide us a copy of the 2017 South Asia Strategy because the strategy "does not include anything related to CTF efforts." However, as we reported, officials at several of the agencies we interviewed, including DOD, told us that the strategy is one of the key documents that helped set the stage for CTF work in Afghanistan. DOD's Office of the Under Secretary of Defense for Personnel and Readiness did not provide a written response.

We will follow up with DOD and State within 60 days of the publication of this report to identify their actions to address their respective recommendations.



## APPENDIX I - SCOPE AND METHODOLOGY

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This audit examined U.S. counter threat finance (CTF) efforts against the Taliban and other organizations that have posed a threat to U.S. interests in Afghanistan implemented by the Departments of Defense (DOD), Justice (DOJ) and its component the Drug Enforcement Administration (DEA), State (State), and the Treasury (Treasury). The objectives of this audit were to (1) identify U.S. agencies' CTF efforts and funding directed at the Afghan terrorist narcotics trade in Afghanistan; (2) determine the extent to which U.S. agencies measured and evaluated the effectiveness of CTF efforts directed at the Afghan terrorist narcotics trade in Afghanistan; and, (3) identify what challenges, if any, affect CTF efforts and how the agencies are addressing these challenges. This audit covered the time period from January 2017 through October 2020, and included DOD's and State's implementation of three CTF efforts we determined to be within our audit scope.

As there is no single, common definition for CTF across the agencies in our audit scope, for the purposes of this audit, we used one term to help simplify our response to the Senate Caucus on International Narcotics Control. We used DOD's definition because it was the most broadly scoped in addressing Afghan terrorist funding, particularly illicit funding derived from the narcotics trade. DOD's definition includes a wider range of efforts, such as bombing drug labs and other kinetic activity, not found in the other agencies' definitions for anti-money laundering or countering the finance of terrorism. According to DOD, CTF efforts refer to:

Activities and capabilities to deny, disrupt, destroy, or defeat finance systems and networks that negatively affect U.S. interests in compliance with all existing authorities and procedures. CTF efforts include activities to identify, understand, and evaluate a threat network's ability to generate, store, move, and use funds.<sup>53</sup>

For all of our objectives, we reviewed

- agency documents describing CTF efforts, such as DOD's Airstrike Campaign, DOD's Acquisition Management and Integration Center Contract, and State's Bureau of International Narcotics and Law (State INL) interagency agreement (IAA) with DEA;
- supporting documents, including Statements of Work, modifications, contract deliverables, and reports from the Contractor Performance Assessment Reporting System;
- Presidential Executive Orders, U.S. government national strategies, agency guidance and department instructions and directives, and reports from both government and subject matter experts that help guide and explain U.S. CTF efforts in Afghanistan.

In addition, we interviewed

- officials in DOD's Office of the Under Secretary of Defense for Policy (OUSD-P), specifically the Office of the Assistant Secretary of Defense for Special Operations/Low-Intensity Conflict and the Office of the Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats; Office of the Under Secretary for Personnel and Readiness; Central and Special Operations Combatant Commands; U.S. Forces-Afghanistan (USFOR-A); NATO Special Operations Component Command-Afghanistan; Resolute Support J2 Staff; the U.S. Air Force, including the Air and Space Expeditionary Task Force-Afghanistan; and DOD Acquisition Management and Integration Center Contractors;
- officials in DOJ's Office of the Deputy Attorney General; Money Laundering and Asset Recovery Section; and Attaché Office at the U.S. Embassy Kabul;
- officials in State INL; U.S. Embassy Kabul; Bureau of South Central Asian Affairs; the Afghanistan Desk; and the Office of Threat Finance Countermeasures;
- officials in Treasury's Office of Terrorist Financing and Financial Crimes; Office of Foreign Assets Control; Office of Intelligence and Analysis; Office of Terrorism and Financial Intelligence; Office of

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<sup>53</sup> DOD, DOD Directive 5205.14, *DOD Counter Threat Finance (CTF) Policy*, August 19, 2010 (Incorporating Change 3, May 4, 2017), pp. 12-13.

General Counsel; Office of the Deputy Assistant Secretary for Treasury; the Financial Crimes Enforcement Network; and Treasury Attaché Office at the U.S. Embassy Kabul;

- officials in DEA's Special Operations Division; Office of the Regional Director of Afghanistan/Pakistan; Office of Compliance; intelligence contractors; DEA Kabul field agents; and the Office of Foreign Operations;<sup>54</sup>
- officials from the National Security Council (NSC), Office of the Director for National Intelligence, and the Defense Intelligence Agency.

To identify the scope of U.S. government efforts and funding related to CTF in Afghanistan since January 2017, we interviewed officials from the DOD, DOJ, State, Treasury, and DEA. We reviewed agency documents, such as contracts and statements of work that described agency CTF efforts, and DOD and State Reconciliation Reports describing funding. DOD, DOJ, State, Treasury, and DEA identified a total of 14 efforts that target terrorist drug trade-related sources of funding. However, we determined that 11 of these efforts did not meet DOD's CTF definition, and did not specifically cover U.S. government CTF efforts targeting drug revenue and the illicit drug trade in Afghanistan. Therefore, we excluded these from our report. We also established three criteria to determine why the 11 efforts were not part of our audit scope:

- 1) the work directly supports CTF efforts, including essential Threat Finance Intelligence;
- 2) the primary justification for the effort is counter threat finance targeting terrorists' narcotics-revenue in Afghanistan, such as Taliban and Al Qaeda; and
- 3) efforts are in Afghanistan since January 2017.

We determined these 11 efforts instead covered Afghan capacity building and training efforts or support services, such as infrastructure operations and maintenance, security, transportation, or general intelligence sharing and analysis. See appendix IV for a complete list of the 11 CTF efforts U.S. agencies identified that we excluded from our audit scope.

To determine the extent to which DOD and State measured and evaluated their CTF efforts, we reviewed DOD's and State's periodic reporting on their CTF efforts, such as DOD's *Enhancing Security and Stability in Afghanistan* reports and required Acquisition Management and Integration Center contractor and State INL-DEA IAA performance reports. We interviewed DOD, State, and DEA officials and contractors who helped conduct and assess CTF efforts within Afghanistan. We also interviewed Afghan officials from the Afghan Sensitive Investigative Unit, National Interdiction Unit, and Financial Transactions Reports Analysis Center of Afghanistan to discuss their efforts related to U.S. CTF work in Afghanistan, and to understand how they determine if U.S. CTF operations are effective in combatting the Afghan terrorist narcotics trade.

To identify challenges that affect U.S. CTF efforts in Afghanistan and how the agencies addressed the challenges, we interviewed officials from DEA, DOD, DOJ, State, Treasury, and the U.S. intelligence community, such as the Office of the Director for National Intelligence and Defense Intelligence Agency. To help the agencies identify challenges, we noted the challenges should be directly related to U.S. CTF efforts in Afghanistan, and be challenges for which the agencies could perform realistic, actionable remedies to address them. We also reviewed DOD's August 2019 white paper, *DOD CTF 2.0: Supporting DOD's CTF Force for the Next 10+ Years*.

We coordinated and de-conflicted over the course of our audit with DOD's Office of Inspector General and the National Counterterrorism Center because these two organization are also evaluating DOD and U.S. government global CTF capabilities.

We did not use or rely on computer-processed data for the purpose of our audit objectives. We assessed the significance of DEA, DOD, and State internal controls and compliance with laws and regulations necessary to satisfy the audit objectives and determine the extent to which agencies had systems in place to measure and

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<sup>54</sup> For the purposes of this audit, we describe DEA as its own agency, despite its being formally under DOJ, based on its role in the CTF mission in Afghanistan.

report on the performance of their CTF efforts conducted in Afghanistan. The results of our assessment are included in the body of the report. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that existed at the time of this audit.

We conducted our audit work in Arlington, Virginia; Tampa, Florida; Washington, DC; and Kabul, Afghanistan, from February 2019 to March 2021, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. SIGAR performed this audit under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

## APPENDIX II - U.S. AGENCIES COUNTER THREAT FINANCE TERMS AND SUMMARY EFFORTS

Table 2 lists the terms U.S. agencies use to describe their counter threat finance (CTF) activities and provides a brief description of agency CTF efforts.

**Table 2 - U.S. Government Agencies' CTF Terms and Summary Efforts**

Agency	Terms Used	Description of Efforts
Drug Enforcement Administration (DEA)	Anti-Money Laundering	Anti-money laundering efforts focus on the investigation and interdiction of illegal drug revenue and proceeds from drug trafficking.
Department of Defense (DOD)	CTF Threat Finance Intelligence*	Per DOD Directive 5205.14, <i>Counter Threat Finance (CTF) Policy</i> , and DOD's white paper <i>DOD CTF 2.0: Supporting DOD's CTF Force for the Next 10+ Years</i> , actions taken to deny, disrupt, destroy, or defeat the generation, storage, movement, and use of assets to fund activities that support a threat network's ability to operate.  DOD CTF actions can include kinetic operations and traditional adversaries, depending on circumstances, not just illegal organizations.  DOD threat finance intelligence activities, including those undertaken with other U.S. agencies and coalition partners, involve the collection, processing, integration, evaluation, analysis, interpretation, production, and dissemination of intelligence products in support of DOD CTF activities and capabilities.
Department of State (State)	CTF Threat Finance Countermeasures	CTF efforts seek to detect, deter and dismantle terrorist financial networks. State focuses on foreign policy, leveraging expertise, and capacity building.
Department of Justice (DOJ)	Anti-Money Laundering Countering the Financing of Terrorism	DOJ efforts include activities implemented through interagency agreements (IAA) with State's Bureau of International Narcotics and Law Enforcement (State INL), such as increasing the capacity of Afghans to investigate and prosecute high-profile terrorist financing cases.
Department of the Treasury (Treasury)	Illicit Finance	The 2018 and 2020 <i>National Strategy for Combating Terrorist and Other Illicit Financing</i> define illicit finance as the financing of terrorism, narcotics trafficking, or proliferation, money laundering, or other forms of illicit financing domestically or internationally, as defined by the President. Illicit finance includes all sources of illegal money but focuses on cases transiting U.S. financial system; remedies may include sanctions.

Source: SIGAR analysis of DEA, DOD, DOJ, State, and Treasury documents and information.

\* The *DOD CTF 2.0* white paper describes the importance of threat finance intelligence and its role as a CTF activity. The document further defines CTF as "supporting law enforcement and military operations in ways that help achieve national security objectives, including threat finance intelligence in the context of intelligence components and analysis." Moreover, the document notes that CTF and threat finance intelligence are "not synonymous;" however, intelligence analysis is recognized as CTF's "core capability." See DOD, *DOD CTF 2.0: Supporting DOD's CTF Force for the Next 10+ Years*, August 30, 2019.

## APPENDIX III - U.S. AGENCIES AND COMPONENTS INVOLVED IN CTF EFFORTS IN AFGHANISTAN

Table 3 lists the offices, organizations, and entities within each of the departments involved in counter threat finance (CTF) efforts in Afghanistan.

**Table 3 - U.S. Agencies and Components Involved in CTF Efforts in Afghanistan**

Agency	Office or Section	Description
Department of Defense (DOD)	U.S. Central Command (CENTCOM)	CENTCOM plans and coordinates DOD CTF activities in Afghanistan and conducts the day-to-day management and oversight of DOD CTF personnel, including contractors.
DOD	U.S. Forces–Afghanistan (USFOR-A) <sup>a</sup>	USFOR-A is “the operational control of DOD CTF personnel and activities in country [Afghanistan]” responsible for planning and synchronizing CTF operations with interagency and coalition partners in Afghanistan.
DOD	U.S. Special Operations Command	U.S. Special Operations Command provides pre-deployment CTF training for Special Operation Forces and is “the lead advocate for CTF capabilities within DOD.”
DOD	Office of the Under Secretary of Defense for Policy’s (OUSD-P) Special Operations and Low Intensity Conflict/ Counternarcotics and Global Threats	OUSD-P’s Special Operations and Low Intensity Conflict/ Counternarcotics and Global Threats office provides strategic level oversight of DOD CTF activities and personnel by acting as the primary strategic interface between DOD components conducting CTF and interagency partners, and representing DOD on various CTF-focused committees.
DOD	Defense Intelligence Agency	Defense Intelligence Agency produces intelligence related to Afghanistan, including threat finance intelligence.
DOD	Joint Staff’s Transregional Threats Coordination Cell	Joint Staff’s Transregional Threats Coordination Cell provides recommendations and advice on Afghanistan to the Chairman of the Joint Chiefs of Staff, including on CTF issues, and represents DOD in CTF-focused interagency meetings. <sup>b</sup>
Department of State (State)	Bureau of International Narcotics and Law Enforcement Affairs (State INL)	State INL directly supports CTF efforts in Afghanistan through counter narcotics and justice efforts with the Drug Enforcement Administration (DEA) and the Department of Justice (DOJ).
State	Bureau of South and Central Asian Affairs	State’s Bureau of South and Central Asian Affairs participated in multiple strategic counternarcotics meetings and working groups alongside other interagency partners to discuss counternarcotics and CTF issues in Afghanistan.
State	Office of Threat Finance Countermeasures	State’s Office of Threat Finance Countermeasures advances policies that seek to minimize the funding available to a variety of groups that pose a threat to domestic, international, and regional security. While the office does not typically focus on counternarcotics, it will get involved if counternarcotics is specifically linked to its other work, such as the Taliban in Afghanistan.

**Table 3 - U.S. Agencies and Components Involved in CTF Efforts in Afghanistan**

Agency	Office or Section	Description
Department of the Treasury (Treasury)	Office of Terrorism and Financial Intelligence and its four components, and the Financial Attaché	<p>Treasury’s Office of Terrorism and Financial Intelligence applies sanctions and anti-money laundering/countering the financing of terrorism regulations, and participates in enforcement actions, foreign engagement, intelligence and analysis, and private sector partnerships, to combat illicit financing worldwide, including combatting narcotics and financing in Afghanistan. This work is executed through the office’s four components:</p> <ul style="list-style-type: none"> <li>• Office of Foreign Assets Control has numerous sub-offices that conduct investigations related to CTF in Afghanistan. For example, the Office of Global Targeting conducts investigations to identify and designate targets providing financial support to the Taliban. Pursuant to the Kingpin Act, Office of Foreign Assets Control investigators work with U.S. interagency partners to consider Afghan narcotics traffickers for potential sanctions investigation. Office of Foreign Assets Control investigations under the Kingpin Act are conducted in consultation with U.S. agencies at the Embassy in Kabul. From 2017 to present, the Office of Foreign Assets Control relied primarily on U.S. intelligence community and DOD reporting to assist in these efforts.</li> <li>• The Financial Crimes Enforcement Network is the U.S.’s financial intelligence unit and financial supervisory agency for anti-money laundering and combating the financing of terrorism, and is responsible for administering the Bank Secrecy Act. The Financial Crimes Enforcement Network participates in the Egmont Group and other international fora working on anti-money laundering and countering the financing of terrorism purposes.</li> <li>• The Office of Terrorist Financing and Financial Crimes is a strategic policy office that participates in the international Financial Action Task Force.<sup>55</sup></li> <li>• The Office of Intelligence and Analysis is a member of the U.S. intelligence community.</li> </ul>

Additionally, Treasury’s Financial Attaché, under the Office of International Affairs, at the U.S. Embassy Kabul, supports Treasury’s Office of Terrorism and Financial Intelligence work on counter threat finance.

<sup>55</sup> The Financial Action Task Force is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The Financial Action Task Force Recommendations are recognized as the global anti-money laundering and counter-terrorist financing standard (see, Financial Action Task Force, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, The FATF Recommendations*, June, 2019).

**Table 3 - U.S. Agencies and Components Involved in CTF Efforts in Afghanistan**

Agency	Office or Section	Description
DOJ	Criminal Division	DOJ’s Criminal Division develops, enforces, and supervises the application of federal criminal laws. The division utilizes the resources and expertise of various DOJ sections to disrupt and prosecute terrorists, weapons proliferators, organized crime and drug networks, money launderers, and white-collar criminals.  Money Laundering and Asset Recovery Section, a section within DOJ’s Criminal Division, leads DOJ’s asset forfeiture and anti-money laundering enforcement efforts. The section’s role includes prosecuting and coordinating international money laundering and asset forfeiture investigations and cases.
DOJ	Office of the Deputy Attorney General	The Office of Rule of Law–Afghanistan and Iraq, within the Office of the Deputy Attorney General, is led by a rule of law coordinator who oversees the interagency agreement between the Office of Rule of Law–Afghanistan and Iraq’s portfolio in Afghanistan and State INL.
DEA <sup>c</sup>	N/A	DEA is a component of DOJ and a stakeholder of the overall U.S. strategy in Afghanistan, which includes cooperative efforts with the Afghan government to build and maintain counter narcotics efforts through capacity building and operational support. A top DEA priority is to pursue the finances of drug and drug-money laundering organizations. Specifically, DEA possesses drug intelligence information, technology, and agent resources to address the drug revenue issue. In Afghanistan, DEA cooperates with all relevant DOJ components assigned to the U.S. Embassy Kabul and with others, such as State INL and the UN Office of Drugs and Crime.

Source: Information provided by DEA, DOD, DOJ, State, and Treasury.

Notes:

<sup>a</sup> DOD officials told us in September 2020 that USFOR-A ceased CTF support for the Airstrike Campaign by early 2019.

<sup>b</sup> DOD officials described multiple DOD offices and sections having different CTF “lead” efforts. USFOR-A has the operational lead in Afghanistan. The Office of the Under Secretary of Defense has the global strategic lead. The Joint Staff’s Transregional Threats Coordination Cell “represents” DOD in interagency meetings, such as the National Security Council’s interagency CTF coordination meetings.

<sup>c</sup> For the purposes of this audit, we describe DEA as its own agency, despite its being formally under DOJ, based on its role in the CTF mission in Afghanistan.

## APPENDIX IV - ELEVEN EFFORTS U.S. AGENCIES IDENTIFIED THAT ARE NOT INCLUDED IN THE AUDIT SCOPE

The Departments of Defense (DOD), Justice (DOJ), State (State), and the Treasury (Treasury), and the Drug Enforcement Administration (DEA) originally identified a total of 14 efforts implemented since January 2017 that target terrorist drug trade-related sources of funding. However, we determined that 11 of these efforts did not meet DOD's counter threat finance (CTF) definition, and did not specifically cover U.S. government CTF efforts targeting drug revenue and the illicit drug trade in Afghanistan. Instead, these 11 efforts covered Afghan capacity building and training efforts or support services, such as infrastructure operation and maintenance, security, transportation, or general intelligence sharing and analysis. Therefore, we excluded them from our report. Table 4 identifies and describes the 11 efforts.

**Table 4 - Eleven Efforts U.S. Agencies Identified That Are Not Included in the Audit Scope**

CTF Effort	Description
Support to the Afghan Special Mission Wing	DOD partially funds a maintenance contract for the Afghan Special Mission Wing, a special operations aviation wing that provides operational reach for Afghan security forces during counterterrorism and counternarcotics missions designed to disrupt insurgent narcotics networks in Afghanistan. The Special Mission Wing is funded partially by U.S. Central Command (CENTCOM) and works with the Afghan National Interdiction Unit, via Operational Detachment–Alpha forces, to support counter narcotic operations and ensure de-confliction.
Global Training Team–Afghanistan	The Global Training Team–Afghanistan is a CENTCOM-funded training program that funds two contractors to develop and deliver training to agents in the Afghan government specialized counternarcotic units, the Sensitive Investigative Unit and National Interdiction Unit, as outlined by a 5-year plan. Agents are trained in everything from tactical operations to report writing.
Operational Detachment–Alpha Support to the Sensitive Investigative Unit and National Interdiction Unit Operations	When requested by the Sensitive Investigative Unit and the National Interdiction Unit, Operational Detachment–Alpha forces provide operational support via training and group force assistance in coordination with the Special Mission Wing.
Interagency Agreement (IAA) between State International Bureau of Narcotics and Law Enforcement Affairs (State INL) and Justice Rule of Law–Afghanistan and Iraq, Office of the Deputy Attorney General	This IAA is designed to enhance the Afghan government's anti-corruption, major crimes, counternarcotics, and counterterrorism capacity. Actions to be taken include continued and expanded DOJ-supported best practices workshops, high-level mentoring, study and information exchange tours to third countries, and niche managerial capacity building for the Afghan government's Anti-Corruption Judicial Center, Anti-Corruption Unit, Military Anti-Corruption Unit, Major Crimes Task Force, Counter Narcotics Justice Center, Anti-Terrorism Prosecutions Directorate, Counter Terrorism Police, National Directorate of Security, Financial Transactions and Reports Analysis Center of Afghanistan, and Office of Asset Recovery. In addition, the IAA supports capacity building for Afghan officials intending to independently and sustainably combat national security crimes, including narcotics trafficking.



**Table 4 - Eleven Efforts U.S. Agencies Identified That Are Not Included in the Audit Scope**

CTF Effort	Description
Afghanistan Anti-Money Laundering and CTF Program ENGLITY Contract	This DOJ contract organized the logistics and planning of a Justice Office of Overseas Prosecutorial Development, Assistance, and Training program in 2018 for 12 Afghan officials, 5 U.S. officials, and 3 foreign service nations to meet with Sri Lankan judicial officials to help build their skills in interagency operations in anti-money laundering and CTF.
Security and Mission Support Services for State INL Facilities and Programs Contract	State INL in Afghanistan manages the contract, signed in June 2018, which requires the contractor to provide security, operations and maintenance, and life and mission support services to three major State INL programs, including narcotics control, corrections, and justice sector development. Specific to Afghan counternarcotics, the contractor provides operational and maintenance and life mission support to the Afghan Sensitive Investigative Unit and National Interdiction Unit. These units operate throughout Afghanistan, but contractor support is focused at the Specialized Units' primary base of operations in Kabul and at DEA-leased villas in Afghanistan. Additionally, contractor services are provided to the Counter Narcotics Justice Center and to the Flexible Implementation and Assessment Team. <sup>a</sup>
State INL Contract with Egmont Group of Financial Intelligence Units for "Securing a Financial Intelligence Unit"	State INL provided funding directly to the Egmont Group of Financial Intelligence Units ("Egmont Group") to develop and deliver the "Securing a Financial Intelligence Unit" program, a global training and technical assistance program for financial intelligence units around the world. <sup>b</sup> Based on work by Egmont's Financial Crimes Enforcement Network, the program provides financial intelligence units with proficiency level tools for risk assessments and grading, as well as mechanisms to mitigate the most serious risks. The funding enabled Egmont to (1) hire a consultant to transform guidance on "Securing a Financial Intelligence Unit" into a course; and (2) deliver the new course to units around the world. One official from the Afghan Financial Intelligence Unit in the Financial Transactions and Reports Analysis Center of Afghanistan participated in this training in 2018. <sup>c</sup>
State INL Letter of Agreement with the United Nations Office on Drugs and Crime	State INL contributes funding for the UN Office of Drugs and Crime to provide a mentor to the Afghan government's Attorney General's Office and for associated trainings to improve financial investigations and implementation of anti-money laundering and countering the financing of terrorism laws and regulations.
Intelligence Research Support Contract	Treasury's Office of Intelligence and Analysis and the U.S. intelligence community's National Intelligence Manager for South Asia funded a task order related to terrorist finance issues in Afghanistan and Pakistan as part of the Intelligence Research Support Contract. The contract supported efforts to identify sources and methods of revenue generation for a key terrorist group located in the Afghanistan/Pakistan South Asian region.
Memorandum of Understanding with Egmont Group	State INL has an agreement with Egmont Group to build capacity of financial intelligence units in developing countries deemed of priority interest to the United States. This capacity building is geared toward making the units more effective both within their country and as a partner in the fight against transnational organized crime. This memorandum encourages financial intelligence units to share sensitive financial information with trusted Egmont Group members to support anti-money laundering and countering the finance of terrorism objectives.

**Table 4 - Eleven Efforts U.S. Agencies Identified That Are Not Included in the Audit Scope**

CTF Effort	Description
Memorandum of Understanding between Financial Crimes Enforcement Network and Financial Transactions and Reports Analysis Center of Afghanistan	Under this agreement between the Financial Crimes Enforcement Network and the Financial Transactions and Reports Analysis Center of Afghanistan, the center shares financial intelligence, including, but not limited to, information linked to potential narcotics financing, with U.S. and Afghan Financial Intelligence Units.

Source: Information provided by DEA, DOD, State, and the Treasury.

Notes:

<sup>a</sup> The Flexible Implementation and Assessment Team’s services were provided to State INL contractors—American nationals, third country nationals, and local nationals—who worked and/or resided on State INL compounds until September 2019. The team continues to provide services to the Counter Narcotics Justice Center.

<sup>b</sup> The Egmont Group is a global forum for Financial Intelligence Units to exchange confidential information to combat money laundering.

<sup>c</sup> State INL told us the one Afghan official’s participation in the training was not paid for by State INL.

## APPENDIX V - RESPONSE FROM THE DEPARTMENT OF DEFENSE

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SPECIAL OPERATIONS /  
LOW INTENSITY CONFLICT

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
2500 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-2500

MAR 11 2021

The Honorable John Sopko  
Special Inspector General for Afghanistan Reconstruction  
1550 Crystal Drive, 9<sup>th</sup> Floor  
Arlington, VA 22202

Dear Mr. Sopko:

Thank you for the opportunity to review the Special Inspector General for Afghanistan Reconstruction (SIGAR) draft audit report, "*Counter Threat Finance: U.S. Agencies Do Not Know the Full Cost and Impact of Their Efforts in Afghanistan.*" As the Acting Deputy Assistant Secretary of Defense for Counternarcotics and Global Threats, my office develops and oversees the implementation of policy and plans for Department of Defense (DoD) counter threat finance (CTF) activities and capabilities on behalf of the Under Secretary of Defense for Policy. I appreciate SIGAR's review of this work and your continued efforts to ensure that the Department of Defense is a good steward of federal resources. DoD has worked closely with SIGAR staff since the audit began in February 2019. The Office of the Under Secretary of Defense for Policy (OUSD/Policy) generally concurs with the recommendation directed toward this office, as it largely aligns with DoD's ongoing work in this important mission area.

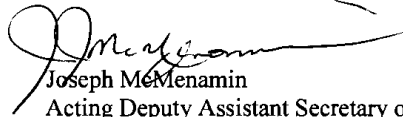
DoD and our interagency partners have continuously assessed the performance of counter-threat finance analysts and sought to understand the tactical, operational, and strategic impacts of CTF actions. As we explained to SIGAR staff and noted in technical comments to the draft audit report, identifying to what degree DoD CTF intelligence analysis and activities played a role in impacting adversary operations and strategic calculus is extremely difficult to assess. Although calculating the amount of illicit revenue denied is informative, any assessment of the overall impact on the adversary and contribution to broad U.S. strategic goals will be qualitative, and therefore, subjective. OUSD/Policy will continue to work on improving metrics for all of its global CTF activities, but is unable to definitively link activities, such as CTF-related airstrikes in Afghanistan, to "specific outcomes" in Afghanistan as recommended by the SIGAR audit team.

Regarding the requirements contained in DoD Directive 5205.14, "*DoD Counter Threat Finance Policy.*" OUSD/Policy already has several initiatives underway to improve training and mobility opportunities for its CTF personnel, although I would like to note that the SIGAR audit team did not identify any instances in which DoD CTF activity in Afghanistan was hindered by a lack of standardized training or uniform qualifications of its CTF personnel. The DoD Inspector General is currently undertaking an evaluation of the DoD CTF program, and OUSD/Policy will work diligently with other DoD components to address any issues identified by the DoD IG report.



Finally, the report focuses on SIGAR's effort to review a copy of the 2017 South Asia Strategy from National Security Council (NSC) staff. DoD notes that one reason why NSC staff were hesitant to provide the strategy was that it does not include anything related to CTF efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "J. McMenamin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Joseph McMenamin  
Acting Deputy Assistant Secretary of Defense  
for Counternarcotics and Global Threats

APPENDIX VI - RESPONSE FROM THE DEPARTMENT OF STATE'S EXECUTIVE  
DIRECTOR OF THE BUREAU OF INTERNATIONAL NARCOTICS AND  
LAW ENFORCEMENT AFFAIRS

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**United States Department of State**

***Washington, D.C. 20520***

February 23, 2021

Mr. Scott Harmon  
Deputy Assistant Inspector General for Audits and Inspections  
Special Inspector General for Afghanistan Reconstruction  
1550 Crystal Drive, Suite 900  
Arlington, VA 22202

Dear Mr. Harmon:

The Department of State welcomes the opportunity to comment on this draft Special Inspector General for Afghanistan Reconstruction (SIGAR) report entitled "Counter Threat Finance: U.S. Agencies Do Not Know the Full Cost and Impact of Their Efforts in Afghanistan," dated February 2021. The Department and its Bureau of International Narcotics and Law Enforcement Affairs (INL) respects SIGAR's role in safeguarding U.S. taxpayer investment and we share your goals of implementing programs free from waste, fraud, and abuse.

**Response to Recommendation**

**Recommendation 2:** [The Department of State should] [d]evelop guidance to enhance performance monitoring and evaluation of State's Counter Threat Finance (CTF) efforts in Afghanistan. Guidance should detail how State and DEA coordinate their CTF efforts, how efforts are aligned with U.S. government strategic CTF goals in Afghanistan, and how State should use IAA performance information to provide regular reports to agencies and congressional stakeholders that document the overall performance of CTF efforts in Afghanistan.

**INL Response (February 2021):** INL agrees with this recommendation. INL supports CTF activities in Afghanistan through an Interagency Agreement (IAA) with DEA that was negotiated between the Department and DEA. In line with that IAA, INL and DEA jointly developed the IAA workplan metrics that support our shared mission to develop and deliver both foundational skills and advanced investigative skills. DEA reports quarterly on workplan metrics. INL evaluates the IAA reporting we receive relative to performance targets. In virtually every quarter and performance category, DEA met or exceeded the IAA project goals for the CTF subproject. INL is currently working with DEA to develop guidance to enhanced performance monitoring/metrics for the IAA that will take effect on

April 1, 2021. As part of this process, INL and DEA are coordinating to determine the most practical ways to ensure that the IAA is aligned with CTF strategic goals and to ensure that IAA reporting may be made available to interested stakeholders. INL notes that this guidance will have to align with any new strategies and priorities of the administration, which is currently reviewing our Afghanistan policy. Additionally, INL and DEA continue to coordinate regularly on programming aspects of this shared effort. As in the past, INL is prepared to share IAA reporting with other agencies and Congressional stakeholders, as appropriate. INL will share the guidance with SIGAR once it is finalized.

The Department appreciates SIGAR's thorough examination of U.S. foreign assistance programming on counternarcotics. INL looks forward to continuing to work with SIGAR and other relevant authorities on these issues.

Sincerely,

*Erin M. Barclay*

Erin M. Barclay  
Executive Director  
Bureau of International Narcotics  
and Law Enforcement Affairs

## APPENDIX VII - ACKNOWLEDGMENTS

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Eugene Gray, Senior Program Manager

Danny Vergamini, Analyst-in-Charge

Julianna Barr, Program Analyst

This performance audit was conducted  
under project code SIGAR-132A.



## SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

## Obtaining Copies of SIGAR Reports and Testimonies

To obtain copies of SIGAR documents at no cost, go to SIGAR's Web site ([www.sigar.mil](http://www.sigar.mil)). SIGAR posts all publicly released reports, testimonies, and correspondence on its Web site.

## To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: [www.sigar.mil/fraud](http://www.sigar.mil/fraud)
- Email: [sigar.pentagon.inv.mbx.hotline@mail.mil](mailto:sigar.pentagon.inv.mbx.hotline@mail.mil)
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
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