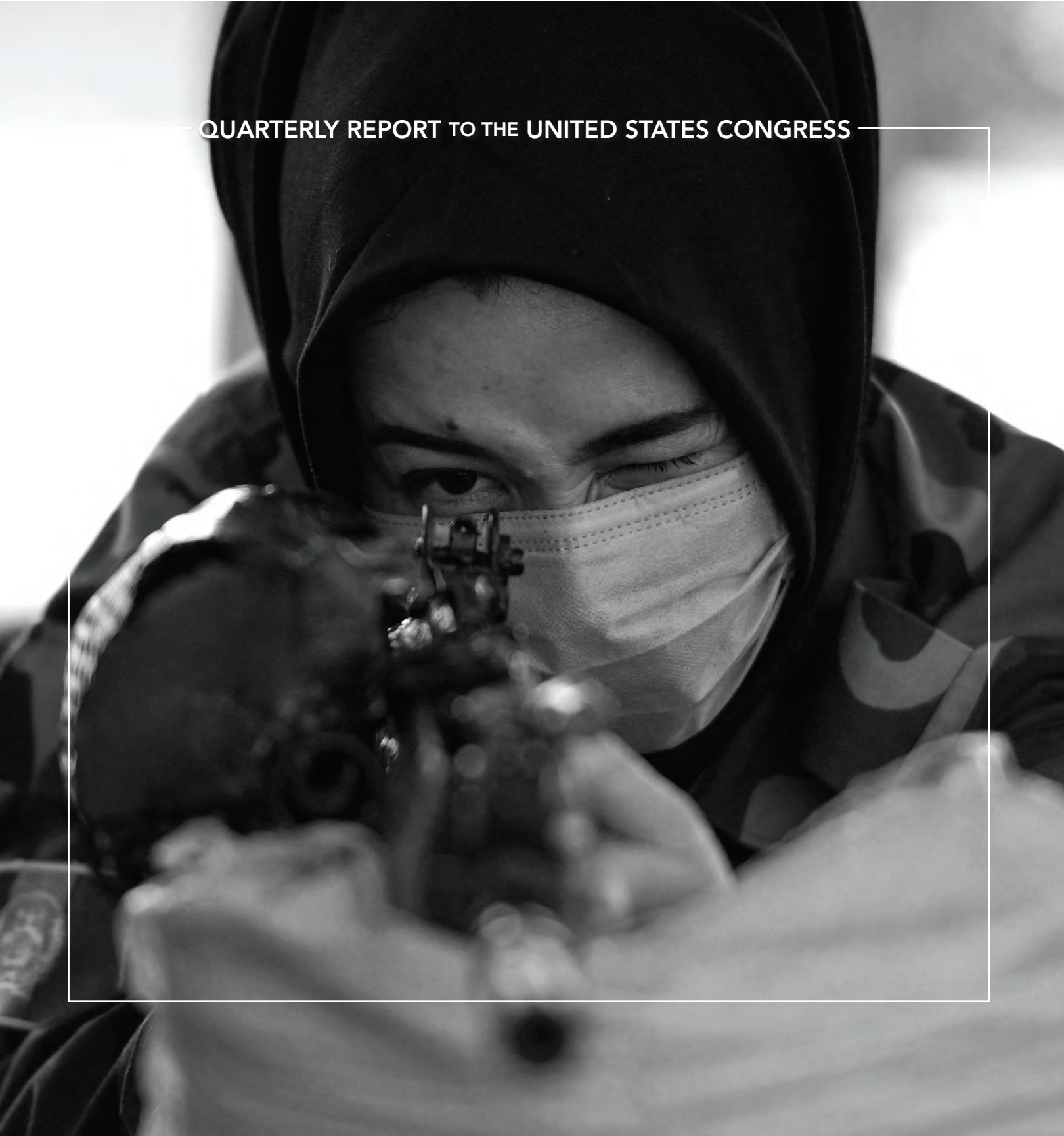


SIGAR

Special Inspector General for
Afghanistan Reconstruction

APR 30
2021

QUARTERLY REPORT TO THE UNITED STATES CONGRESS





The National Defense Authorization Act for FY 2008 (Pub. L. No. 110-181) established the Special Inspector General for Afghanistan Reconstruction (SIGAR).

SIGAR's oversight mission, as defined by the legislation, is to provide for the independent and objective

- conduct and supervision of audits and investigations relating to the programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.
- leadership and coordination of, and recommendations on, policies designed to promote economy, efficiency, and effectiveness in the administration of the programs and operations, and to prevent and detect waste, fraud, and abuse in such programs and operations.
- means of keeping the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress on corrective action.

Afghanistan reconstruction includes any major contract, grant, agreement, or other funding mechanism entered into by any department or agency of the U.S. government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

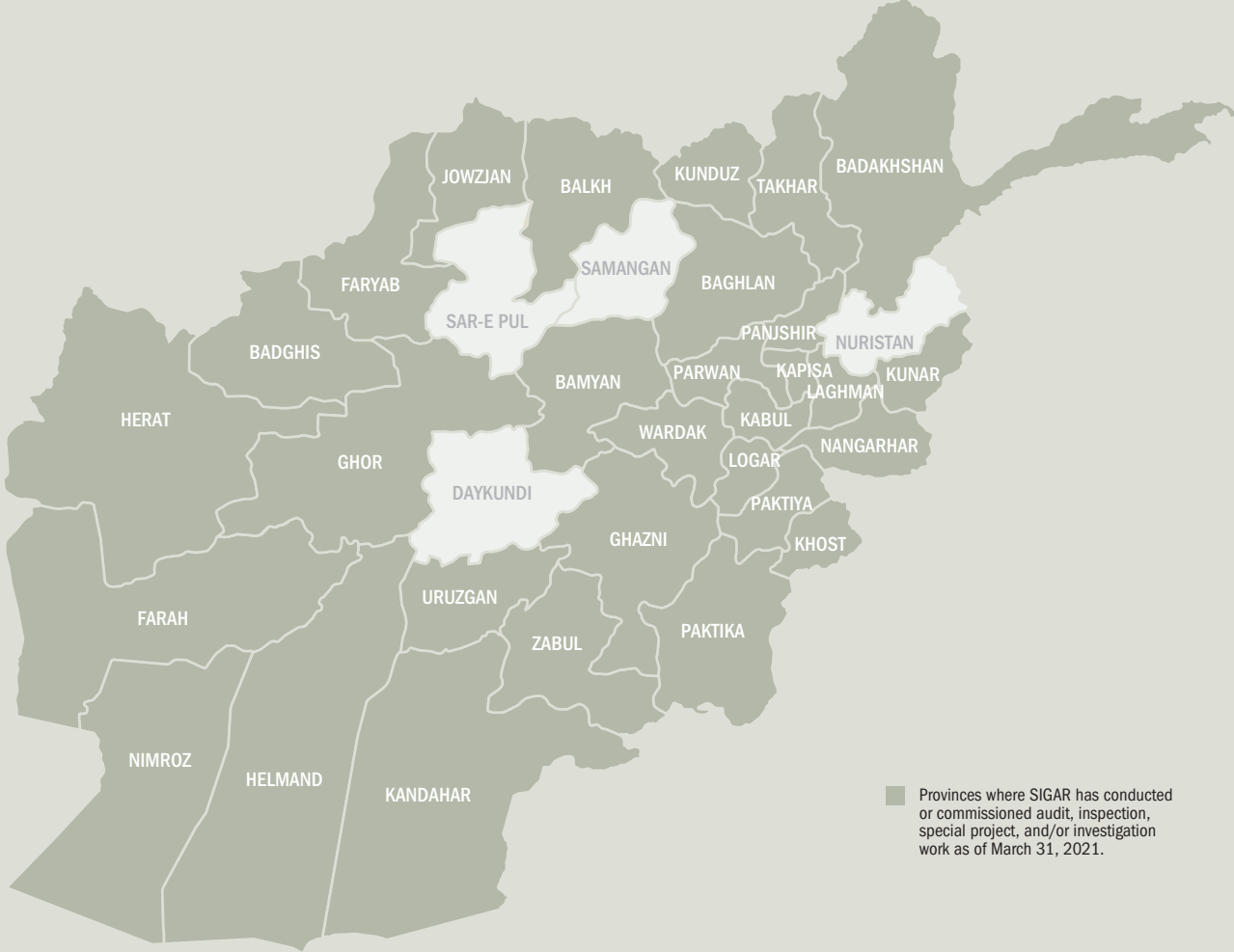
As required by the National Defense Authorization Act for FY 2018 (Pub. L. No. 115-91), this quarterly report has been prepared in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency.

Source: Pub. L. No. 110-181, "National Defense Authorization Act for FY 2008," 1/28/2008, Pub. L. No. 115-91, "National Defense Authorization Act for FY 2018," 12/12/2017.

(For a list of the Congressionally mandated contents of this report, see Appendix A.)

Cover photo:

An Afghan cadet takes part in a firing drill at the Officers Training Academy in Chennai, India.
(AFP photo by Arun Sankar)



■ Provinces where SIGAR has conducted or commissioned audit, inspection, special project, and/or investigation work as of March 31, 2021.



SPECIAL INSPECTOR GENERAL FOR
AFGHANISTAN RECONSTRUCTION

I am pleased to submit to Congress, and to the Secretaries of State and Defense, SIGAR's 51st quarterly report on the status of reconstruction in Afghanistan.

This quarter, President Joseph R. Biden laid out a new path for the United States in Afghanistan. U.S. troops are to be withdrawn from the country by September 11, 2021, the 20th anniversary of the attacks that prompted the initial U.S. intervention in Afghanistan. According to the commander of U.S. Central Command, General Kenneth McKenzie, this includes all U.S. defense contractors, whom senior military leaders consider vital to maintaining Afghan military equipment such as aircraft and vehicles. But while the United States will no longer maintain a military presence in the country, the President has said we will continue to provide diplomatic and humanitarian support, and development assistance to the government of Afghanistan, as well as assistance to the Afghan National Defense and Security Forces.

Accordingly, I believe SIGAR and its mission will assume even more importance for the United States under this new posture. As the largest oversight presence in Afghanistan and the only one with statutory whole-of-government authority, SIGAR will be the only government agency capable of overseeing the billions of U.S. taxpayer dollars already appropriated that will continue to flow into the country despite the absence of U.S. military—including U.S. defense contractor—boots on the ground. With 13 years of experience in Afghanistan, SIGAR is well-prepared for this enhanced role, and stands ready to assume any new responsibilities assigned to it by Congress and the Administration. SIGAR's work has already identified approximately \$3.82 billion in savings for the U.S. taxpayer and made many recommendations to improve reconstruction program operations and outcomes. We will continue that work.

While the Administration conducted its review of U.S. policy in Afghanistan, the Office of Management and Budget requested the data that underpins the reporting in SIGAR's quarterly reports concerning U.S. funds appropriated for Afghanistan since 2002. This recognition of the quarterly report's function as the most authoritative source for information about U.S. spending in Afghanistan came as the report continues to expand its coverage of U.S. appropriations. With the support of Department of State leadership, this report now includes updated information for five State accounts: Educational and Cultural Exchange Programs; Contributions to International Organizations; Diplomatic Programs; Embassy Security, Construction, and Maintenance; and State Office of Inspector General. The report also includes a comparison of the estimate of the Costs of War Project at Brown University's Watson Institute of \$2.26 trillion in war costs for Afghanistan with DOD's *Cost of War Report* estimate of \$824.9 billion.

For some time now, U.S. officials have indicated that they intend to condition U.S. assistance to Afghanistan on the actions of the Afghan government and possibly the Taliban. This report therefore contains a highlight examining the history of conditionality and its uses as a lever to achieve U.S. foreign-policy objectives.

In advance of the new U.S. policy, SIGAR in March issued its fourth *High-Risk List* identifying areas where the \$144 billion U.S. investment in Afghanistan reconstruction is most at risk of failure. The report is intended to help Congress and the Administration as they decide whether and to what extent reconstruction assistance will continue; it analyzes the risks in each area and poses questions for policymakers. The eight areas reviewed in the new report are: increasing insecurity, uncertain funding for a post-peace settlement, the need

to reintegrate ex-combatants, endemic corruption, lagging economic growth and social development, the illicit narcotics trade, threats to women's rights, and inadequate oversight.

SIGAR also released two reports this quarter drawing on lessons learned from Afghanistan's reconstruction that will be particularly relevant as our U.S. mission goes forward. The first, *Elections: Lessons from the U.S. Experience in Afghanistan*, reviews U.S. policies and actions regarding electoral support over the past two decades and provides recommendations to executive-branch agencies for improving such efforts, as well as matters for consideration by the Afghan government. Our second report, *Support for Gender Equality: Lessons from the U.S. Experience in Afghanistan*, looks at U.S. efforts since 2002 to support Afghan women and girls and advance gender equality. The report investigates U.S. strategies for promoting gender equality, how agencies implemented those strategies, evidence for gains made by women and girls, ongoing barriers to progress, and future threats to and opportunities for advancing Afghan women and girls.

SIGAR issued one evaluation report on the status of U.S.-funded capital assets in Afghanistan, one performance-audit report on the impact of U.S. counter threat finance operations on the illicit narcotics trade, and a special-project report reviewing the G222 transport-aircraft acquisition for Afghanistan that wasted \$549 million on unusable planes that were later sold for scrap. SIGAR also issued two inspection reports reviewing the Kandahar Solar Power Plant and the Kabul National Military Hospital.

SIGAR completed eight financial audits of U.S.-funded projects to rebuild Afghanistan; the audits identified \$1,236,362 in questioned costs as a result of internal-control deficiencies and noncompliance issues. These financial audits covered a range of topics including USAID's Women's Leadership Development Program, State Department-funded community-based demining projects, and the U.S. Army's operations and maintenance support for the Afghan National Army's network operations center.

During the reporting period, SIGAR criminal investigations resulted in one sentencing and \$775,000 in restitution.

As U.S. policy on Afghanistan continues to evolve, my colleagues and I will work with Congress, the Administration, and other stakeholders to guard against the waste, fraud, and abuse of U.S. funds devoted to that country's reconstruction.

Sincerely,

A handwritten signature in black ink, appearing to read 'John F. Sopko', written in a cursive style.

John F. Sopko

EXECUTIVE SUMMARY

This report summarizes SIGAR's oversight work and updates developments in four major areas of reconstruction efforts in Afghanistan from January 1 to March 31, 2021.*

During this reporting period, SIGAR issued 17 audits, reviews, and other products assessing U.S. efforts to build the Afghan security forces, improve governance, facilitate economic and social development, and combat the production and sale of narcotics. In this period, SIGAR criminal investigations resulted in one sentencing and \$775,000 in restitution.

SIGAR OVERVIEW

RESEARCH & ANALYSIS

On March 10, 2021, SIGAR's Research & Analysis Directorate released its *2021 High-Risk List*, which examines serious risks to the U.S. investment of \$144 billion in Afghanistan's reconstruction as the United States withdraws its troops from the country. The special report identifies eight key high-risk areas:

- increasing insecurity
- uncertain funding for a post-peace settlement
- the need to reintegrate ex-combatants
- endemic corruption
- lagging economic growth and social development
- the illicit narcotics trade
- threats to women's rights
- inadequate oversight

The Research & Analysis Directorate also issued its 51st *Quarterly Report to the United States Congress*.

AUDITS AND INSPECTIONS

This quarter, SIGAR issued one evaluation report, one performance-audit report, one special-projects report, two inspections reports, and eight financial-audit reports.

The **evaluation report** highlights the status of U.S.-funded capital assets in Afghanistan, and identifies more than \$2.4 billion worth that were unused or abandoned, were not used for their intended purposes, had deteriorated, or were destroyed.

The **performance-audit report** examines U.S. counter-threat finance operations and provides recommendations for U.S. agencies to better assess their costs and impact on the illicit narcotics trade.

The **special-projects report** reviews the \$549 million lost in the G222 aircraft program and provides lessons learned to prevent future waste of acquisition resources.

EXECUTIVE SUMMARY

The **inspection reports** found faulty wiring installed at the Kandahar Solar Power Plant and a construction deficiency in the elevators at the Kabul National Military Hospital.

The eight **financial-audit reports** identify \$1,236,362 in questioned costs as a result of internal-control deficiencies and noncompliance issues.

LESSONS LEARNED

SIGAR's Lessons Learned Program released its eighth and ninth **lessons-learned reports** this quarter.

Elections: Lessons from the U.S. Experience in Afghanistan reviews U.S. policies and actions regarding electoral support over the past two decades and provides recommendations to executive-branch agencies for improving such efforts, as well as matters for consideration by the Afghan government.

Support for Gender Equality: Lessons from the U.S. Experience in Afghanistan examines U.S. efforts since 2002 to support Afghan women

and girls and advance gender equality. The report investigates U.S. strategies for promoting gender equality, how agencies implemented those strategies, evidence for gains made by women and girls, ongoing barriers to progress, and future threats to and opportunities for advancing Afghan women and girls.

The Lessons Learned Program has three projects in development: monitoring and evaluation of reconstruction contracting, police in conflict, and the overall U.S. reconstruction experience over the past 20 years.

INVESTIGATIONS

During the reporting period, SIGAR investigations resulted in one sentencing and \$775,000 in restitutions. SIGAR initiated three new cases and closed four, bringing the total number of ongoing investigations to 95. **Investigations** highlights include the sentencing of a U.S. contractor for perpetrating a scheme to divert hundreds of thousands of dollars in State Department funds to his own use.

* As provided in its authorizing statute, SIGAR may also report on products and events issued or occurring after March 31, 2021, up to the publication date of this report. Unless otherwise noted, all afghani-to-U.S. dollar conversions used in this report are derived by averaging the last six months of exchange-rate data available through XE Currency Charts (www.xe.com), then rounding to the nearest afghani. Exchange-rate data is as of March 31, 2021.

TABLE OF CONTENTS



SECTION 1

3 SIGAR OVERSIGHT

- 6 2021 High-Risk List
- 7 Audits
- 17 Inspections
- 20 Lessons Learned
- 22 Investigations
- 23 Other SIGAR Oversight Activities
- 24 SIGAR Budget
- 25 SIGAR Staff



SECTION 2

27 RECONSTRUCTION UPDATE

- 29 Reconstruction in Brief
- 31 Status of Funds
- 55 Security
- 89 Governance
- 127 Economic and Social Development



SECTION 3

159 OTHER AGENCY OVERSIGHT

- 162 Completed Oversight Activities
- 165 Ongoing Oversight Activities



APPENDICES AND ENDNOTES

- 172 Appendix A: Cross-Reference of Report to Statute
- 176 Appendix B: U.S. Funds for Afghanistan Reconstruction
- 178 Appendix C: SIGAR Written Products
- 183 Appendix D: SIGAR Investigations and Hotline
- 190 Appendix E: SIGAR Data Call Questions that Received Classified or Unclassified But Not Publicly Releasable Responses
- 193 Appendix F: Abbreviations and Acronyms
- 200 Endnotes

“The basic risk facing the current and any potential post-peace Afghan government is whether future foreign assistance levels during this uncertain period will be sufficient to prevent its collapse.”

—*Inspector General John F. Sopko*

1 SIGAR OVERSIGHT



OVERSIGHT CONTENTS

2021 High-Risk List	6
Audits	7
Inspections	17
Lessons Learned	20
Investigations	22
Other SIGAR Oversight Activities	23
SIGAR Budget	24
SIGAR Staff	25

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A view of Kabul city. (UNAMA News photo)

SIGAR OVERSIGHT ACTIVITIES

This quarter, SIGAR issued 17 products. SIGAR work to date has identified approximately \$3.82 billion in savings for the U.S. taxpayer.

On March 10, 2021, SIGAR released its *2021 High-Risk List*, which identifies serious risks to the U.S. investment of \$144 billion in Afghanistan's reconstruction as the United States withdraws its troops from the country pursuant to last year's U.S.-Taliban agreement. The special report identified eight high-risk areas: increasing insecurity, uncertain funding for a post-peace settlement, the need to reintegrate ex-combatants, endemic corruption, lagging economic growth and social development, the illicit narcotics trade, threats to women's rights, and inadequate oversight.

SIGAR's Lessons Learned Program released two reports. *Elections: Lessons from the U.S. Experience in Afghanistan* reviews U.S. policies and actions regarding electoral support over the past two decades and provides recommendations to executive-branch agencies for improving such efforts, as well as matters for consideration by the Afghan government. *Support for Gender Equality: Lessons from the U.S. Experience in Afghanistan* examines U.S. efforts since 2002 to support Afghan women and girls and advance gender equality. The report investigates U.S. strategies for promoting gender equality, how agencies implemented those strategies, evidence for gains made by women and girls, ongoing barriers to progress, and future threats to and opportunities for advancing Afghan women and girls.

SIGAR issued one evaluation report on the status of U.S.-funded capital assets in Afghanistan, one performance-audit report on the impact of U.S. counter threat finance operations on the illicit narcotics trade, and a special-project report reviewing the \$549 million lost in the G222 aircraft program. SIGAR also issued two inspection reports reviewing the Kandahar Solar Power Plant and the Kabul National Military Hospital.

SIGAR completed eight financial audits of U.S.-funded projects to rebuild Afghanistan that identified \$1,236,362 in questioned costs as a result of internal-control deficiencies and noncompliance issues. These financial audits covered a range of topics including USAID's Women's Leadership Development Program, State Department-funded community-based demining projects, and the U.S. Army's operations and maintenance support for the Afghan National Army's network operations center.

During the reporting period, SIGAR criminal investigations resulted in one sentencing and \$775,000 in restitution.

ISSUED HIGH-RISK LIST REPORT

- SIGAR 21-22-HRL: 2021 High-Risk List

ISSUED QUARTERLY REPORT

- Review 2021-QR-2: Quarterly Report to the United States Congress

ISSUED EVALUATION REPORT

- SIGAR 21-20-IP: U.S.-Funded Capital Assets in Afghanistan: The U.S. Government Spent More than \$2.4 Billion on Capital Assets that Were Unused or Abandoned, Were Not Used for Their Intended Purposes, Had Deteriorated, or Were Destroyed

ISSUED PERFORMANCE-AUDIT REPORT

- SIGAR 21-29-AR: Counter Threat Finance: U.S. Agencies Do Not Know the Full Cost and Impact of Their Efforts to Disrupt Illicit Narcotics Financing in Afghanistan

ISSUED SPECIAL-PROJECT REPORT

- SIGAR 21-21-SP: G222 Aircraft Program in Afghanistan: About \$549 Million Spent on Faulty Aircraft and No One Held Accountable

ISSUED FINANCIAL AUDIT REPORTS

- Financial Audit 21-17-FA: U.S. Department of State's Community-Based Demining Projects in Afghanistan: Audit of Costs Incurred by Afghan Technical Consultants
- Financial Audit 21-19-FA: USAID's Women's Leadership Development Program in Afghanistan: Audit of Costs Incurred by Tetra Tech ARD Inc.
- Financial Audit 21-23-FA: USAID's Initiative to Strengthen Local Administrations in Afghanistan: Audit of Costs Incurred by Tetra Tech ARD Inc.

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ISSUED FINANCIAL AUDIT REPORTS (CONTINUED)

- Financial Audit 21-24-FA: USAID's Commercial Horticulture and Agricultural Marketing Program in Afghanistan: Audit of Costs Incurred by Roots of Peace
- Financial Audit 21-26-FA: Department of the Army's Operations and Maintenance Support and Networking Services for the Afghan National Police Network Operations Center: Audit of Costs Incurred by IAP Worldwide Services Inc.
- Financial Audit 21-27-FA: Department of the Army's Operations and Maintenance Support and Networking Services for the Afghan National Army Network Operations Center: Audit of Costs Incurred by IAP Worldwide Services Inc.
- Financial Audit 21-28-FA: USAID's Support of the Building a Culture of Resilience and Saving Lives through Integrated Emergency Response to Disaster and Conflict Affected Populations in Afghanistan Program: Audit of Costs Incurred by Save the Children Federation Inc.
- Financial Audit 21-31-FA: USAID's Facilitating Afghanistan's Sustainability Through Emergency Response Program: Audit of Costs Incurred by the International Rescue Committee Inc.

ISSUED INSPECTIONS REPORTS

- Inspection 21-30-IP: Kandahar Solar Power Plant: Project Was Generally Completed According to Contract Requirements
- Inspection 21-32-IP: Kabul National Military Hospital: Installation of New Elevators and Dumbwaiters Generally Met Contract Requirements, but a Construction Deficiency and Inadequate Maintenance Could Affect Operations

ISSUED LESSONS-LEARNED REPORTS

- SIGAR 21-16-LL: Elections: Lessons from the U.S. Experience in Afghanistan
- SIGAR 21-18-LL: Support for Gender Equality: Lessons from the U.S. Experience in Afghanistan

2021 HIGH-RISK LIST

SIGAR released the *2021 High-Risk List* to alert legislators and policymakers of major areas of the reconstruction effort in Afghanistan at risk of waste, fraud, abuse, mismanagement, or mission failure. Since 2014, SIGAR has developed a high-risk list for each new Congress. This fourth report was issued at a time when peace negotiations between the Afghan government and the Taliban remained stalled amid continuing high levels of violence, and as the United States was considering withdrawing its troops from the country, putting the \$144 billion reconstruction effort at greater risk than ever before.

The *2021 High-Risk List* focuses on program areas and elements of the reconstruction effort that are: (1) essential to success; (2) at risk of significant and large-scale failure due to waste, fraud, or abuse; and (3) subject to the control or influence of the U.S. government.

Applying these criteria, SIGAR identified eight high-risk areas:

- **Increasing insecurity:** Taliban attacks on Afghan security forces and others have intensified, so military and civilian casualties remain high despite the February 2020 U.S.-Taliban agreement. Afghan security forces also face critical capability gaps such as for aircraft maintenance that require long-term international support. Meanwhile, U.S. troop reductions and the COVID-19 pandemic have restricted the NATO Resolute Support train, advise, and assist mission's contact with Afghan security ministries and their forces.
- **Uncertain funding for a post-peace settlement:** International donors' aid pledges have declined, and donors' conditions placed on assistance may reduce future years' funding—possibly to levels threatening the viability of the Afghan state.
- **The need to reintegrate ex-combatants:** An Afghan peace agreement—a good thing in itself, as well as a U.S. policy objective—could entail massive economic, social, political, and security disruptions as the Afghan government reintegrates ex-combatants from both sides into civil society. Its success will be critical for Afghanistan to achieve lasting peace and stability.
- **Endemic corruption:** Afghanistan has long been perceived as one of the world's most corrupt states, and the government's anticorruption efforts have suffered from vague strategies and insufficient actions. SIGAR delivered congressionally mandated reports in 2018 and 2019 on the Afghan government's implementation of its anticorruption strategy. A third report is scheduled for release this spring.
- **Lagging growth and social development:** Afghanistan is poor and suffers from illiteracy, inadequate infrastructure, weak governance, and now, heavy impacts from the COVID-19 pandemic.
- **Illicit narcotics trade:** Narcotics production and trade remain at high levels, little impeded by government, fostering corruption and crime while providing significant revenue for insurgents.

- **Threats to women’s rights:** Afghan women and girls have made progress in recent years in health, education, legal protections, and participation in public life. But discrimination persists, and possible policy changes by whatever form of government might follow an Afghan peace agreement could undermine their gains.
- **Inadequate oversight:** A reduced U.S. civilian and military presence in Afghanistan amid a deteriorating security environment could create new challenges for conducting effective oversight of U.S.-funded programs, grants, and contracts for reconstruction work.

The critical issue of sustainability appears as a facet of each high-risk area. Sustainability is a long-standing concern in reconstruction: shortcomings in finance, staffing, institutional capacity, technology and technical skills, political will, and other issues individually or in combination can undermine the Afghan government’s ability to maintain programs once foreign support has been withdrawn or substantially reduced.

On March 9, 2021, subject matter experts from SIGAR’s Research and Analysis and Lessons Learned Program directorates briefed professional staff of the House Committee on Oversight and Reform on these findings and discussed women’s issues, post-peace funding uncertainty, and the changing conception of reconstruction assistance given the peace process.

AUDITS

SIGAR conducts performance and financial audits of programs and projects connected to the reconstruction effort in Afghanistan. This quarter, SIGAR has 22 ongoing performance audits and 28 ongoing financial audits.

Performance Audit and Evaluation Reports Issued

This quarter, SIGAR issued one evaluation report on the status of U.S.-funded capital assets in Afghanistan, one performance-audit report on the impact of U.S. counter threat finance operations on the illicit narcotics trade, and a special-project report reviewing the \$549 million lost in the G222 aircraft program. A list of completed and ongoing performance audits can be found in Appendix C of this quarterly report.

Evaluation 21-20-IP: U.S.-Funded Capital Assets in Afghanistan The U.S. Government Spent More than \$2.4 Billion on Capital Assets that Were Unused or Abandoned, Were Not Used for Their Intended Purposes, Had Deteriorated, or Were Destroyed

SIGAR work has repeatedly identified instances of U.S.-funded capital assets going unused, not being used for their intended purposes, deteriorating beyond reasonable wear and tear, or being destroyed. Based on these reports, the chairman of the House Committee on Oversight and Reform’s

ISSUED EVALUATION REPORT

- SIGAR 21-20-IP: U.S.-Funded Capital Assets in Afghanistan: The U.S. Government Spent More than \$2.4 Billion on Capital Assets that Were Unused or Abandoned, Were Not Used for Their Intended Purposes, Had Deteriorated, or Were Destroyed

SIGAR OVERSIGHT ACTIVITIES

Subcommittee on National Security requested that SIGAR summarize all capital assets in Afghanistan that the U.S. government constructed, financed, or subsidized, and that were subsequently found to be unused, not used for their intended purposes, deteriorated, or destroyed. The chairman also requested that SIGAR provide an update on the status of these capital assets, identify common causes explaining why they went unused or fell into disrepair, and recommend how to prevent further waste of capital assets.

SIGAR found that, of the nearly \$7.8 billion in capital assets reviewed in prior reports, about \$2.4 billion in assets were unused or abandoned, had not been used for their intended purposes, had deteriorated, or were destroyed; more than \$1.2 billion in assets were being used as intended; and only \$343.2 million were maintained in good condition.

In addition, SIGAR selected a judgmental, stratified sample of 60 assets, costing \$792.1 million, from a list of all U.S.-funded capital assets evaluated in prior reports for follow-up inspections to collect more current data about the assets' use and condition. SIGAR found that 37 of the 60 capital assets inspected were being used as intended, including several that were previously unused or abandoned; 10 were used, but not for their intended purposes; nine were unused or abandoned; three were still under construction and not yet ready for use; and the status of one is classified. Additionally, 50 of the capital assets had either deteriorated or continued to deteriorate after they were last assessed. Although the follow-up inspections found that most assets were being used as intended, SIGAR found that \$723.8 million, or 91% of the total costs of all 60 assets in the sample, went toward assets that were unused or abandoned, were not used as intended, had deteriorated, were destroyed, or had some combination of the above. SIGAR also found several of the same defects among the assets inspected, including major structural damage.

While the reasons for the use and condition of each capital asset were unique, SIGAR identified several problems that led to the assets not being used as intended, deteriorating, or being destroyed. Based on prior reports and the 60 follow-up inspections, SIGAR identified the five most common reasons why capital assets were generally not used:

1. The beneficiary lacked the resources or capabilities to use the asset as intended.
2. Deterioration or destruction prevented the capital asset from being used as intended.
3. The beneficiary did not want the capital asset or the capital asset lacked desired features.
4. The U.S. agency did not ensure that the asset was constructed according to contract requirements, did not complete it in a timely fashion, or did not transfer it to a final user in a usable state.
5. There was limited local demand for the capital asset, or local demand exceeded its capacity.

Similarly, SIGAR identified the three most common reasons why capital assets had generally deteriorated or been destroyed:

1. The beneficiary lacked the resources or capabilities to maintain the asset.
2. The asset was damaged by forces outside the beneficiary's control such as war, theft, blackouts or power surges, fire, earthquake, or flood.
3. The U.S. agency did not ensure that the asset was constructed according to contract requirements.

The most common reason that funds spent on capital assets were wasted was that the Afghan beneficiaries lacked the resources or capabilities they needed to operate and maintain these assets. This suggests that U.S. agencies have generally not built or procured capital assets that the Afghan government and private sector can afford to sustain on their own.

The report included one matter for Congressional consideration. To help ensure that U.S.-funded capital assets in Afghanistan are used as intended and maintained, Congress may wish to consider requiring U.S. agencies to develop, implement, and periodically update sustainment plans in coordination with the beneficiaries of future capital-assistance projects. These plans should describe the operational need for the capital asset, estimate its operation and maintenance costs, and account for the beneficiary's ability to financially sustain the asset, including, when necessary, any future funding from the U.S. and Afghan governments.

Performance Audit 21-29-AR: Counter Threat Finance

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

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

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: DOD's Airstrike Campaign, DOD's Acquisition Management and Integration Center's "Global Counter Threat Finance" (CTF) contract, and the 2017 and 2019 interagency agreements (IAAs) between DEA and State's Bureau of International Narcotics and Law Enforcement Affairs (State INL).

U.S. agencies have no requirement to track funds spent specifically on CTF efforts in Afghanistan, but 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 air-strike campaign.

ISSUED PERFORMANCE-AUDIT REPORT

- SIGAR 21-29-AR: Counter Threat Finance: U.S. Agencies Do Not Know the Full Cost and Impact of Their Efforts to Disrupt Illicit Narcotics Financing in Afghanistan

SIGAR OVERSIGHT ACTIVITIES

SIGAR also found that agencies cannot determine their impact on overall CTF goals in Afghanistan for several reasons. First, DOD is not required to, and did not, measure its overall CTF performance in Afghanistan or the extent to which DOD contributed to overall U.S. CTF goals there. Second, although DEA met the IAA requirements to monitor and report on its implementation of the agreements, it is uncertain how DEA's efforts align with broader State or U.S. CTF goals in Afghanistan. Finally, no U.S. government agency has responsibility for assessing overall U.S. CTF efforts in Afghanistan.

Agencies also identified training and personnel challenges that could impact future CTF efforts in Afghanistan. For example, DOD and Treasury officials told SIGAR that CTF or anti-money laundering personnel 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, which 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 Policy, including those that could help prevent these personnel challenges from impacting future CTF efforts in Afghanistan.

SIGAR made three recommendations in the report:

(1) To better understand the performance and impact of the Department of Defense's CTF activities in Afghanistan, the Under Secretary of Defense for Policy should improve guidance requiring performance monitoring and evaluation of DOD's CTF efforts in Afghanistan.

(2) To better understand the performance and impact of the Department of State's CTF activities in Afghanistan, the Secretary of State should 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.

(3) To help ensure DOD can help sustain and improve its CTF capability and enable DOD to recruit, train, and retain the best CTF workforce, the

Under Secretary of Defense for Personnel and Readiness should complete the requirements detailed in DOD Directive 5205.14, DOD Counter Threat Finance Policy, within six months of the issuance of this report.

Special Project 21-21-SP: G222 Aircraft Program in Afghanistan

About \$549 Million Spent on Faulty Aircraft and No One Held Accountable

The acquisition of the G222 transport planes began in November 2006, when U.S. Central Command Air Forces developed requirements for a medium-lift aircraft for the Afghan National Army Air Corps (now called the Afghan Air Force). The U.S. Air Force (USAF) decided to acquire refurbished G222 aircraft, retired by the Italian Air Force, from Alenia North America Inc. (Alenia). After delivery to Afghanistan, the aircraft suffered from a low mission capability rate, chronic issues with aircraft sustainment, and multiple safety complaints by the pilots and crews who flew them. In December 2012, the Program Executive Office for Air Force Mobility Programs at the Air Force Life Cycle Management Center notified Alenia that it would not issue a follow-on sustainment contract, effectively ending the G222 program when the contract expired in March 2013. After the USAF failed to find anyone interested in purchasing the aircraft, all 16 in Kabul were sold to an Afghan company for scrap in August and September 2014 for a total of \$40,257—more than half a billion dollars less than their cost.

SIGAR began a review of the G222 program in December 2013 to address Congressional concerns about the mistakes made in the procurement and to help the U.S. government avoid repeating them. The review was suspended, however, and an investigation was initiated when SIGAR received allegations of potential criminal and civil violations.

The Air Force Office of Special Investigations (AFOSI) was already investigating the program based on an earlier Government Accountability Office hotline complaint. SIGAR investigators joined this effort and, with AFOSI in the lead, SIGAR investigators—along with personnel from the Defense Criminal Investigative Service and the Federal Bureau of Investigation—attempted to build a case against the G222 contractor, Alenia, for contract fraud and other violations, and to hold accountable a retired Air Force general involved in the acquisition. SIGAR's position was that the retired general had a clear conflict of interest because he was significantly involved with the G222 program while on active duty, then retired and became the primary contact for the contractor.

SIGAR and AFOSI personnel conducted dozens of interviews, inspected the last four G222s parked at Ramstein Air Base in Germany, and reviewed thousands of documents and emails related to the G222 program.

DOJ concluded in May 2020, however, that both cases would be too difficult to prosecute successfully. DOJ officials said convicting the retired Air Force general for conflict of interest violations would be difficult because

ISSUED SPECIAL-PROJECT REPORT

- SIGAR 21-21-SP: G222 Aircraft Program in Afghanistan: About \$549 Million Spent on Faulty Aircraft and No One Held Accountable

convictions for 18 U.S.C. § 207 violations (conflict of interest) are “unheard of,” and usually these matters are handled administratively. The official had already received a verbal reprimand. As for Alenia, DOJ concluded that the U.S. government’s acceptance of the aircraft, despite clear violations of the contract statement of work, would significantly complicate any attempt to hold the contractor liable for poor refurbishment and multiple other contract violations.

The Afghan Security Forces Funds that expired at the end of fiscal year 2008 drove the urgency to award the G222 contract. As a result, the Warner Robins Air Logistics Center awarded a sole-source letter contract to Alenia, instead of following standard FAR procedures. Several warnings from within the USAF about Alenia and its lack of a sustainment plan were ignored. Contracting personnel also did not check whether Alenia had the required spare parts available as promised, or sufficiently confirm the airworthiness of the refurbished G222s, especially in the high altitude and extreme weather conditions in Afghanistan. Not confirming Alenia’s capacity to provide spare parts is inexplicable given that lack of spare parts was one of the reasons the USAF had removed the virtually identical C27A airframe from its active inventory in 1999.

SIGAR identified lessons learned that DOD should consider to avoid wasting acquisition resources in the future. These lessons include (1) adequately consider risk before approving major acquisitions; (2) require contractors to provide comprehensive sustainment plans before awarding the contract; (3) do not accept fund expiration as justification for a sole-source award; (4) hold contractors accountable for meeting contract requirements; (5) make sure the Defense Contract Management Agency has the resources and access to do comprehensive inspections before accepting the final product; and (6) thoroughly investigate allegations of the conflict of interest statute and take appropriate action.

Financial Audits

SIGAR launched its financial-audit program in 2012, after Congress and the oversight community expressed concerns about oversight gaps and the growing backlog of incurred-cost audits for contracts and grants awarded in support of overseas contingency operations. SIGAR competitively selects independent accounting firms to conduct the financial audits and ensures that the audit work is performed in accordance with U.S. government auditing standards. Financial audits are coordinated with the federal inspector-general community to maximize financial-audit coverage and avoid duplicative efforts.

This quarter, SIGAR completed eight financial audits of U.S.-funded projects to rebuild Afghanistan, in addition to 28 ongoing financial audits

ISSUED FINANCIAL AUDIT REPORTS

- Financial Audit 21-27-FA: Department of the Army’s Operations and Maintenance Support and Networking Services for the Afghan National Army Network Operations Center: Audit of Costs Incurred by IAP Worldwide Services Inc.
- Financial Audit 21-26-FA: Department of the Army’s Operations and Maintenance Support and Networking Services for the Afghan National Police Network Operations Center: Audit of Costs Incurred by IAP Worldwide Services Inc.
- Financial Audit 21-19-FA: USAID’s Women’s Leadership Development Program in Afghanistan: Audit of Costs Incurred by Tetra Tech ARD Inc.
- Financial Audit 21-28-FA: USAID’s Support of the Building a Culture of Resilience and Saving Lives through Integrated Emergency Response to Disaster and Conflict Affected Populations in Afghanistan Program: Audit of Costs Incurred by Save the Children Federation Inc.
- Financial Audit 21-24-FA: USAID’s Commercial Horticulture and Agricultural Marketing Program in Afghanistan: Audit of Costs Incurred by Roots of Peace
- Financial Audit 21-17-FA: U.S. Department of State’s Community-Based Demining Projects in Afghanistan: Audit of Costs Incurred by Afghan Technical Consultants
- Financial Audit 21-23-FA: USAID’s Initiative to Strengthen Local Administrations in Afghanistan: Audit of Costs Incurred by Tetra Tech ARD Inc.
- Financial Audit 21-31-FA: USAID’s Facilitating Afghanistan’s Sustainability Through Emergency Response Program: Audit of Costs Incurred by the International Rescue Committee Inc.

SIGAR OVERSIGHT ACTIVITIES

with over \$414 million in auditable costs, as shown in Table 1.1. A list of completed and ongoing financial audits can be found in Appendix C of this quarterly report.

SIGAR issues each financial-audit report to the funding agency that made the award(s). The funding agency is responsible for making the final determination on **questioned amounts** identified in the report's audit findings. Since the program's inception, SIGAR's financial audits have identified over \$501 million in **questioned costs** and \$366,718 in unremitted interest on advanced federal funds or other revenue amounts payable to the government. As of March 31, 2021, funding agencies had disallowed \$28.1 million in questioned amounts, which are thereby subject to collection. It takes time for funding agencies to carefully consider audit findings and recommendations. As a result, final disallowed-cost determinations remain to be made for several of SIGAR's issued financial audits. SIGAR's financial audits also have identified and reported 589 compliance findings and 641 internal-control findings to the auditees and funding agencies.

Financial Audit Reports Issued

The eight financial audits completed this quarter identified \$1,236,362 in questioned costs as a result of internal-control deficiencies and noncompliance issues.

Financial Audit 21-27-FA: Department of the Army's Operations and Maintenance Support and Networking Services for the Afghan National Army Network Operations Center Audit of Costs Incurred by IAP Worldwide Services Inc.

On October 25, 2018, the Department of the Army's Contracting Command awarded IAP Worldwide Services Inc. a five-year cost-plus-fixed-fee task order worth up to \$55,111,961 to provide operations and maintenance support and networking services for the Afghan National Army Network Operations Center. The objective of the task order is to help the Afghan Ministry of Defense achieve its goals through effective, efficient information technology. The Army has modified the task order eight times, but has not changed the value or period of performance, which runs from October 25, 2018, to November 24, 2023.

SIGAR's financial audit, performed by Castro & Company LLC, reviewed \$19,398,780 in costs charged to the task order from November 25, 2018, through November 24, 2019. Auditors found two material weaknesses and one significant deficiency in IAP's internal controls, and three instances of noncompliance with the terms of the task order. Castro identified \$819,426 in questioned costs charged to the task order related to these issues.

TABLE 1.1

SIGAR'S FINANCIAL AUDIT COVERAGE (\$ BILLIONS)	
186 completed audits	\$8.61
28 ongoing audits	0.41
Total	\$9.02

Note: Numbers have been rounded. Coverage includes auditable costs incurred by implementers through U.S.-funded Afghanistan reconstruction contracts, grants, and cooperative agreements.

Source: SIGAR Audits and Inspections Directorate.

Questioned amounts: the sum of potentially unallowable questioned costs and unremitted interest on advanced federal funds or other revenue amounts payable to the government.

Questioned costs: costs determined to be potentially unallowable. The two types of questioned costs are (1) ineligible costs (violation of a law, regulation, contract, grant, cooperative agreement, etc. or an unnecessary or unreasonable expenditure of funds); and (2) unsupported costs (those not supported by adequate documentation or proper approvals at the time of an audit).

SIGAR OVERSIGHT ACTIVITIES

Financial Audit 21-26-FA: Department of the Army's Operations and Maintenance Support and Networking Services for the Afghan National Police Network Operations Center

Audit of Costs Incurred by IAP Worldwide Services Inc.

On October 26, 2018, the Department of the Army's Contracting Command awarded IAP Worldwide Services Inc. a five-year cost-plus-fixed-fee task order worth up to \$48,772,121 to provide operations and maintenance support and networking services for the Afghan National Police Network Operations Center. The objective of the task order is to use information technology to enhance policing operations across the country. The Army has modified the task order seven times, but has not changed the value or period of performance, which runs from October 26, 2018, to November 25, 2023.

SIGAR's financial audit, performed by Castro & Company LLC, reviewed \$15,527,946 in costs charged to the task order from November 26, 2018, through November 25, 2019. Auditors found two material weaknesses and one significant deficiency in IAP's internal controls, and three instances of noncompliance with the terms of the task order. Castro identified \$197,649 in questioned costs charged to the task order related to these issues.

Financial Audit 21-19-FA: USAID's Women's Leadership Development Program in Afghanistan

Audit of Costs Incurred by Tetra Tech ARD Inc.

On September 23, 2014, USAID awarded a cost-plus-fixed-fee task order for \$41,959,377 to Tetra Tech ARD Inc. to support the Women's Leadership Development program of the Promoting Gender Equity in National Priority Programs. The intent of the Women's Leadership Development program is to help Afghan women develop management, decision making, and leadership skills that can be applied in social, political, and economic fields. The task order included a period of performance from September 23, 2014, through September 22, 2019.

SIGAR's financial audit, performed by Davis Farr LLP, reviewed \$5,991,970 charged to the task order from October 1, 2018, through October 22, 2019. Auditors identified one significant deficiency in ARD's internal controls and one instance of noncompliance with the terms of the task order. Davis Farr identified \$122,310 in questioned costs related to these issues.

Financial Audit 21-28-FA: USAID's Support of the Building a Culture of Resilience and Saving Lives through Integrated Emergency Response to Disaster and Conflict Affected Populations in Afghanistan Program

Audit of Costs Incurred by Save the Children Federation Inc.

On September 24, 2018, USAID's Office of U.S. Foreign Disaster Assistance awarded Save the Children Federation Inc. a one-year \$5 million grant for the Building a Culture of Resilience and Saving Lives through Integrated Emergency Response to Disaster and Conflict Affected Populations in

Afghanistan program. The program's objectives included reducing and mitigating disaster risks, and supporting returnees, internally displaced peoples, and vulnerable households through improved health care, hygiene, and other interventions. There were two no-cost modifications to the grant, which extended the period of performance through December 31, 2019.

SIGAR's financial audit, performed by Crowe LLP, reviewed \$4,977,087 in costs charged to the grant from September 24, 2018, through December 31, 2019. Auditors found two material weaknesses and two significant deficiencies in Save the Children's internal controls, and two instances of noncompliance with the terms of the grant. Crowe identified \$59,788 in questioned costs charged to the grant related to these issues.

Financial Audit 21-24-FA: USAID's Commercial Horticulture and Agricultural Marketing Program in Afghanistan **Audit of Costs Incurred by Roots of Peace**

On February 1, 2010, USAID awarded Roots of Peace a \$30,420,241 cooperative agreement to support the Commercial Horticulture and Agricultural Marketing Program, which was designed to increase Afghan farmers' productivity by creating jobs, opening new markets, and mainstreaming new agricultural practices. The cooperative agreement had an initial period of performance from February 1, 2010, through January 31, 2014. After 28 modifications, the end date changed to January 31, 2020, and funding increased to \$71,292,850.

SIGAR's financial audit, performed by Davis Farr LLP, reviewed \$11,269,988 of total costs incurred and \$3,402,183 in incurred cost share expenses from January 1, 2019, through January 31, 2020. Auditors identified two significant deficiencies in internal controls and two instances of non-compliance with the terms of the agreement. Davis Farr identified \$27,963 in questioned costs charged to the agreement related to these issues.

Financial Audit 21-17-FA: U.S. Department of State's Community-Based Demining Projects in Afghanistan **Audit of Costs Incurred by Afghan Technical Consultants**

The U.S. Department of State's Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement, awarded Afghan Technical Consultants (ATC) five grants to support community-based demining, humanitarian mine clearance, and conventional-weapons destruction projects in Afghanistan. Under the grants, ATC performed a variety of tasks, including clearing landmines to reduce civilian casualties and to provide safe land for farming, grazing, and human habitation. The budgets for all five grants totaled \$6,376,420, and the period of performance was from December 2, 2015, through March 31, 2019. After nine amendments, the end date changed to May 31, 2019; the budget remained the same.

SIGAR OVERSIGHT ACTIVITIES

SIGAR's financial audit, performed by Conrad LLP, reviewed \$6,376,420 in costs incurred for the five grants from December 2, 2015, through May 31, 2019. Auditors identified four findings. Conrad classified three findings with deficiencies, two of which were significant, in ATC's internal controls, and three instances of noncompliance with the terms of the grants. Conrad identified \$8,087 in questioned costs charged to the grants related to these issues.

Financial Audit 21-23-FA: USAID's Initiative to Strengthen Local Administrations in Afghanistan

Audit of Costs Incurred by Tetra Tech ARD Inc.

On February 1, 2015, USAID awarded a cost plus-fixed-fee contract for \$62,364,687 to Tetra Tech ARD Inc. to support the Initiative to Strengthen Local Administrations project. USAID initiated the project to improve provincial government planning, citizens' representation, and service delivery throughout Afghanistan. The contract included a period of performance from February 1, 2015, through January 31, 2020. USAID modified the contract 13 times, which decreased the total estimated cost to \$48 million, and extended the period of performance to July 31, 2020.

SIGAR's financial audit, performed by Crowe LLP, reviewed \$12,180,521 in costs charged to the contract from October 1, 2018, through January 31, 2020. Auditors found no deficiencies in ARD's internal controls. However, they found one instance of noncompliance with the terms of the contract. Accordingly, Crowe identified \$1,139 in questioned costs charged to the contract related to these issues.

Financial Audit 21-31-FA: USAID's Facilitating Afghanistan's Sustainability Through Emergency Response Program

Audit of Costs Incurred by the International Rescue Committee Inc.

USAID's Office of U.S. Foreign Disaster Assistance awarded the International Rescue Committee Inc. three grants to support the three phases of USAID's Facilitating Afghanistan's Sustainability Through Emergency Response program. The grants' purposes were to provide emergency shelter, cash, and hygiene-related services to people affected by disasters, and provide disaster risk-reduction activities and training in eight provinces. The budgets for the grants totaled \$10,589,589, and their collective period of performance was from September 29, 2016, through September 28, 2019. After two modifications, the end date changed to December 31, 2019, but the budget did not change.

SIGAR's financial audit, performed by Crowe LLP, reviewed \$10,481,094 in costs incurred for the three grants from September 29, 2016, through December 31, 2019. Auditors found two material weakness in IRC's internal controls and one instance of noncompliance with the terms of the grants. Crowe did not identify any questioned costs.

INSPECTIONS

Inspection Report Issued

SIGAR issued two inspection reports this quarter, reviewing the Kandahar Solar Power Plant and the Kabul National Military Hospital. A list of ongoing inspections can be found in Appendix C of this quarterly report.

Inspection 21-30-IP: Kandahar Solar Power Plant **Project Was Generally Completed According to Contract Requirements**

In February 2017, USAID awarded Dynasty Oil & Gas Private Limited (Dynasty), an Indian firm, a \$10 million firm-fixed-price contract to design, construct, operate, and maintain a 10-megawatt solar power plant. In February 2017, Dynasty also signed a 15-year power-purchase agreement with Da Afghanistan Breshna Sherkat (DABS), Afghanistan's power utility. This agreement requires Dynasty to sell, and DABS to purchase, all of the plant's generated electricity. On September 28, 2019, the solar power plant became commercially operational.

During site visits to the Kandahar solar power plant from August 31 to September 3, 2020, SIGAR inspectors found that Dynasty's plant construction generally met contract requirements. However, SIGAR inspectors found that Dynasty appeared to have installed prohibited piping material from Iran, and that some of Dynasty's electrical workmanship was substandard and created a safety and fire hazard. Lastly, SIGAR inspectors found that some maintenance issues—nonfunctional security cameras, cracks in the boundary wall and the control building's roof, and mortar missing in the boundary wall's foundation—are starting to surface.

SIGAR inspectors also found that the Kandahar solar power plant is generating electricity, but DABS is not using all of it due to technical issues with DABS's electrical grid. In addition, DABS has not paid Dynasty for all the generated electricity, despite its contractual obligation to do so. Dynasty's ability to continue operations is threatened due, in part, to DABS's unpaid invoices. If the project fails, it could affect future private investment in Afghanistan. This report made no recommendations pertaining to the DABS electrical grid being unable to accept all of the energy produced by Dynasty, or to the outstanding invoices, because these issues are between DABS and Dynasty.

In this report, SIGAR made two recommendations to the USAID Mission Director for Afghanistan to (1) determine whether Dynasty violated contract terms citing the Federal Acquisition Regulation in the installation of Iranian-manufactured piping and take appropriate action to hold the contractor accountable; and (2) advise Dynasty about the faulty wiring connections and unsecured exposed wiring that are creating a safety and fire hazard, as well

ISSUED INSPECTIONS REPORTS

- Inspection 21-30-IP: Kandahar Solar Power Plant: Project Was Generally Completed According to Contract Requirements
- Inspection 21-32-IP: Kabul National Military Hospital: Installation of New Elevators and Dumbwaiters Generally Met Contract Requirements, but a Construction Deficiency and Inadequate Maintenance Could Affect Operations

as the maintenance issues involving the cracked concrete and missing mortar, so that Dynasty can take whatever action it deems appropriate.

Inspection 21-32-IP: Kabul National Military Hospital

Installation of New Elevators and Dumbwaiters Generally Met Contract Requirements, but a Construction Deficiency and Inadequate Maintenance Could Affect Operations

On September 26, 2017, the U.S. Army Corps of Engineers (USACE) awarded a \$4.02 million firm-fixed-price contract to Macro Vantage Levant (MVL), a United Arab Emirates company, to remove and replace 13 elevators and three dumbwaiters at Kabul National Military Hospital, and to make improvements in supplying power to the new elevators. USACE made one contract modification, which increased the contract value to approximately \$4.05 million, but did not change the contract's completion date. MVL completed its work on time on November 2, 2019. All project warranties expired by November 2, 2020.

During September 2020 site visits, SIGAR inspectors found that MVL generally replaced the new elevators and dumbwaiters according to contract requirements. However, SIGAR inspectors found a construction deficiency involving three elevators with a lower weight-carrying capacity than the contract required, which could affect hospital operations. The contract required each of these three elevators to have a maximum weight-carrying capacity of 1,157 pounds. However, the installed elevators were found to have a weight capacity of 882 pounds. SIGAR notified USACE of this issue in November 2020.

On February 4, 2021, the USACE Afghanistan contracting chief notified MVL that the three under-capacity elevators did not meet the contract technical requirements and specifications, and that as a result, the government "requires a credit equal to the cost of the materials" of the installed elevators. Based on a review of MVL's price proposal, USACE identified the proposed cost for the three elevators to be \$535,750. MVL said on February 8, 2021, that the government accepted the proposed capacity changes to the elevators and is not entitled to the requested credit. USACE has requested information from MVL showing the installed elevators' actual cost.

The hospital is using most of the newly installed elevators and dumbwaiters. However, SIGAR is concerned about the technical capabilities of the personnel maintaining them, specifically that the hospital's maintenance staff does not have the adequate skills, funding, or plans in place to address elevator-maintenance issues. Some examples of current issues that need to be addressed: the only elevator in the four-story surgery annex is not functioning due to water damage, and two elevators in the main hospital building are missing handrails.

SIGAR made two recommendations in the report: (1) that the commander of the Combined Security Transition Command-Afghanistan notify the Afghan Ministry of Defense (MOD) of the construction deficiency and maintenance issues so that the MOD can take whatever action it deems appropriate to (a) address the lower weight-carrying capacity of the three elevators installed in the hospital's main building; (b) repair the surgery annex's only elevator, which is not functioning; and (c) replace the missing handrails in the hospital's two main building elevators; and (2) that the USACE commanding general and chief of engineers determine the cost difference between the \$535,750 bid price for the hospital's three lower-capacity elevators and the actual installation cost, whether MVL should reimburse the U.S. government for the cost difference, and, if appropriate, take action to recover funds.

Status of SIGAR Recommendations

The Inspector General Act of 1978, as amended, requires SIGAR to report on the status of its recommendations. This quarter, SIGAR closed 11 recommendations contained in eight performance-audit, inspection, and financial-audit reports.

From 2009 through March 2021, SIGAR issued 410 audits, alert letters, and inspection reports, and made 1,149 recommendations to recover funds, improve agency oversight, and increase program effectiveness.

SIGAR has closed 1,054 of these recommendations, about 92%. Closing a recommendation generally indicates SIGAR's assessment that the audited agency either has implemented the recommendation or has otherwise appropriately addressed the issue. In some cases where the agency has failed to act, SIGAR will close the recommendation as "Not Implemented"; SIGAR closed a total of 242 recommendations in this manner. In some cases, these recommendations will be the subject of follow-up audit or inspection work.

SIGAR is also required to report on any significant recommendations from prior reports on which corrective action has not been completed. This quarter, SIGAR continued to monitor agency actions on 95 open recommendations. Of these recommendations, 23 have been open for more than 12 months because the agency involved has not yet produced a corrective-action plan that SIGAR believes would resolve the identified problem, or has otherwise failed to appropriately respond to the recommendation(s).

For a complete list of open recommendations, see www.sigar.mil.

ISSUED LESSONS-LEARNED REPORTS

- SIGAR 21-16-LL: Elections: Lessons from the U.S. Experience in Afghanistan
- SIGAR 21-18-LL: Support for Gender Equality: Lessons from the U.S. Experience in Afghanistan

LESSONS LEARNED

SIGAR's Lessons Learned Program (LLP) was created to identify lessons and make recommendations to Congress and executive agencies on ways to improve current and future reconstruction efforts.

The program has issued nine reports to date, including two reports this quarter: on elections and on gender equality. Three reports are currently in development on topics critical to Afghanistan after the U.S. military withdrawal. These will review monitoring and evaluation of reconstruction contracting, police in conflict, and the overall U.S. reconstruction experience over the past 20 years.

LLP staff briefed the elections report to a gathering of election experts assembled by International Institute for Democracy and Electoral Assistance, the office of Senator Chuck Grassley, and the U.S. Institute of Peace. Further briefings are planned for the Electoral Support Group at their next meeting in Kabul, a group of Afghan election observer organizations, a group of democracy-focused academics in Afghanistan, and the United Nations Assistance Mission in Afghanistan.

LLP staff briefed the gender-equality report to the offices of Senator Jeanne Shaheen and Representative Ben Cline; Ambassador (ret.) Ronald Neumann, president of the American Academy of Diplomacy; Human Rights Watch; and 15 members of the U.S.-Afghan Women's Council, a public-private partnership that convenes governments, civil society, and the private sector with the goal of supporting Afghan women and girls. LLP staff also guest-lectured on the report at the National Defense University.

In response to current political discussions on the future of U.S. and international donor assistance to the Afghan National Police, LLP staff briefed Resolute Support, U.S. Embassy Kabul, British Embassy Kabul, and the Netherlands Embassy Kabul on SIGAR's preliminary findings of its ongoing study identifying lessons from U.S. and international foreign police assistance from 2001 to 2021.

Elections: Lessons from the U.S. Experience in Afghanistan

On February 2, SIGAR issued its eighth Lessons Learned Program report, *Elections: Lessons from the U.S. Experience in Afghanistan*. The report identifies lessons to inform U.S. policies and actions regarding electoral support. These lessons are relevant for Afghanistan, where the United States will likely remain engaged in the coming years, and for election support efforts in other conflict-affected countries. The report provides recommendations to executive-branch agencies for improving such efforts, as well as matters for consideration by the Afghan government.

The report's findings highlight the difficulty of building a credible electoral process in a challenging environment. SIGAR found that U.S. and international electoral assistance has yielded several improvements. However, because donor support often recedes after an election, many of those improvements have not lasted beyond the end of each electoral cycle. As currently structured, donor support focuses on the short-term and important goal of simply ensuring that elections are held. If the long-term goal is ensuring Afghanistan has a sustainable democratic process, U.S. and international partners may want to focus more attention on building the capacity of Afghanistan's electoral institutions.

Support for Gender Equality: Lessons from the U.S. Experience in Afghanistan

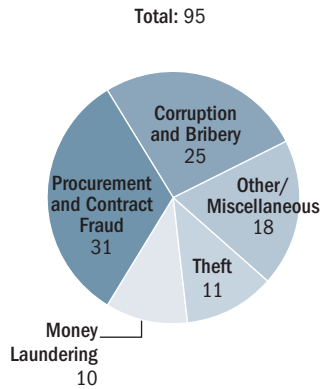
On February 17, 2021, SIGAR issued its ninth Lessons Learned Program report, *Support for Gender Equality: Lessons from the U.S. Experience in Afghanistan*. The report examines U.S. efforts since 2002 to support Afghan women and girls and advance gender equality. The report investigates the historical context of these efforts, U.S. strategies for promoting gender equality, and how agencies implemented those strategies. The report examines the evidence for gains made by women and girls, and ongoing barriers to progress. Further, the report assesses 24 U.S. programs to better understand what did and did not work, and what assumptions and theories of change drove U.S. activities. Finally, the report looks at future threats to and opportunities for advancing Afghan women and girls—in the midst of conflict, poverty, a global pandemic, and the prospect of an Afghan government in which the Taliban exerts considerable influence.

The U.S. government has disbursed more than \$787.4 million for activities primarily intended to support Afghan women and girls. However, because hundreds of other U.S. programs and projects included an unquantified gender component, this amount significantly understates the actual level of U.S. support for women, girls, and gender equality.

The report found that U.S. efforts to support Afghan women and girls yielded mixed results. Considerable investment across a range of sectors contributed to indisputable gains—especially in education and maternal health. Yet this examination of 24 U.S. gender-related programs also revealed shortcomings. Some programs were designed based on assumptions that proved to be ill-suited to the Afghan context and the challenges that women and girls faced. In many cases, insufficient monitoring and evaluation of program activities made it impossible for U.S. agencies to assess the programs' actual impacts.

FIGURE 1.1

**SIGAR INVESTIGATIONS:
NUMBER OF OPEN INVESTIGATIONS**



Source: SIGAR Investigations Directorate, 4/1/2021.

INVESTIGATIONS

During the reporting period, SIGAR’s criminal investigations resulted in one sentencing and \$775,000 in restitution. SIGAR initiated three new cases and closed four, bringing the total number of ongoing investigations to 95.

To date, SIGAR investigations have resulted in 158 criminal convictions. Criminal fines, restitutions, forfeitures, civil settlements, and U.S. government cost savings and recoveries total over \$1.6 billion.

U.S. Contractor Sentenced for Submitting False Claims to Steal State Department Funds

On February 12, 2021, in the United States District Court for the District of Columbia, Oyetayo Fagbenro was sentenced to 12 months and one day of imprisonment, and 24 months’ supervised release. In addition, he was ordered to pay restitution of \$775,000. In December 2020, Fagbenro pleaded guilty to a criminal information (a prosecutor’s allegation of a crime, as distinct from a grand-jury indictment) charging one count of submitting false claims in connection with his role in a scheme to divert hundreds of thousands of dollars in State Department funds to his own use.

Between 2010 and 2015, the State Department awarded three grants for the construction of media centers at Afghan universities to HUDA Development Organization, an Afghan non-governmental organization controlled by Fagbenro. Between September 2010 and August 2012, Fagbenro received approximately \$6.9 million for these projects. During that period, Fagbenro admitted he sent approximately \$1.38 million from Afghan accounts funded by the State Department to people he knew and entities he controlled in the United States and other countries. Of the \$1.38 million, Fagbenro admitted sending approximately \$775,000 to friends, relatives, and corporate entities he controlled that had no connection to the purposes of the grants. He also admitted that in December 2012, he filed a document with the State Department for one of the grants, certifying he had spent the funds properly and that he needed additional funds to complete the project. Both these statements were false. As a result of Fagbenro’s fraudulent activities, the financial loss to the State Department was approximately \$775,000.

The case was investigated by SIGAR and the State Department Office of Inspector General.

Suspensions and Debarments

Since 2008, SIGAR has made 1,076 referrals, encompassing 582 individuals and 494 companies to date. As of March 31, 2021, SIGAR’s efforts to utilize suspension and debarment to address fraud, corruption and poor performance in Afghanistan have resulted in a total of 141 suspensions and 582 finalized debarments/special entity designations of individuals and companies engaged in U.S.-funded reconstruction projects. An additional

SIGAR OVERSIGHT ACTIVITIES

31 individuals and companies have entered into administrative compliance agreements with the U.S. government in lieu of exclusion from contracting since the initiation of the program.

OTHER SIGAR OVERSIGHT ACTIVITIES

Inspector General Sopko Testifies Before the House Oversight and Reform Committee’s Subcommittee on National Security

On March 16, 2021, Inspector General John Sopko testified before the House Oversight and Reform Committee’s Subcommittee on National Security at a hearing entitled “The Special Inspector General for Afghanistan’s 2021 High-Risk List.” IG Sopko spoke about the eight key threats to the United States government’s \$144 billion reconstruction in Afghanistan and noted that success in the reconstruction mission would aid America’s counterterrorism mission in Afghanistan. IG Sopko emphasized the Afghan government’s heavy reliance on foreign assistance, the fact that Afghan security forces are nowhere near self-sufficient, and the negative impact that the potential withdrawal of over 13,000 U.S. and third-country national Department of Defense contractors by May 1, 2021, per the terms of the February 2020 U.S.-Taliban agreement, would have on Afghanistan’s security. He also highlighted the missed opportunity by international donors to impose stricter conditionality regarding counternarcotics and anticorruption efforts on financial assistance pledged at the 2020 Geneva Donors Conference.

The subcommittee, led by Chairman Stephen Lynch (D-MA) and Ranking Member Glenn Grothman (R-WI), inquired about such issues as the future of the Afghan government if U.S. military forces and contractors were withdrawn by the May 1, 2021, target date stipulated in the February 2020 U.S.-Taliban agreement, the attitudes of the Taliban towards women’s rights, the prevalence of “ghost soldiers” in the Afghan military, the threat corruption poses to the stability of the Afghan state, the extent to which assets provided to the Afghan government by the United States had gone unused or underutilized, and the impact of COVID-19 on Afghanistan’s economy.

Inspector General Sopko Speaks at Center for Strategic and International Studies to Launch SIGAR’s 2021 High-Risk List

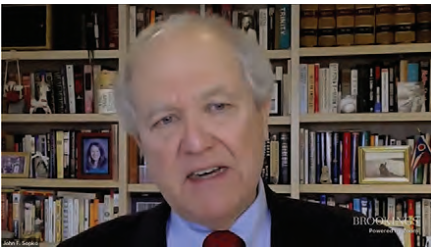
On March 10, 2021, IG Sopko was hosted by the Center for Strategic and International Studies (CSIS) at a virtual event entitled “The Special Inspector General for Afghanistan Reconstruction High-Risk List.” IG Sopko’s remarks at the event, which was moderated by Dr. Anthony H. Cordesman, the Arleigh A. Burke Chair in Strategy at CSIS, focused on the eight key areas of the \$144 billion U.S. reconstruction effort in Afghanistan that SIGAR has identified as being at serious risk of waste, fraud, abuse, or failure.



Anthony Cordesman, left, of the Center for Strategic and International Studies, hosted IG Sopko in a virtual discussion of SIGAR’s 2021 *High-Risk List*. (SIGAR photo)

SIGAR OVERSIGHT ACTIVITIES

IG Sopko emphasized the heavy reliance of the Afghan government and the Afghan security forces on international donor support, the ongoing threat that corruption poses to Afghanistan's stability, the impact that a withdrawal of U.S. contractors would have on the U.S. military's train, advise, and assist mission supporting Afghan security forces, and the dangers that declining donor support for Afghanistan's government, combined with ongoing corruption, posed to the sustainability and survivability of the Afghan state. IG Sopko also noted that the time was ripe for international donors to insist on stronger anticorruption efforts by the Afghan government and for donors to condition their financing to the Afghan government accordingly.



Inspector General Sopko Speaks at Brookings Institution Event to Launch SIGAR Lessons Learned Report on U.S. Efforts to Support Gender Equality in Afghanistan

On February 17, 2021, IG Sopko spoke at a virtual Brookings Institution event entitled “Women in Afghanistan and the Role of U.S. Support.”

The event, led by Brookings Institution President and former International Security Assistance Force Commanding General John R. Allen, focused on SIGAR's lessons-learned report entitled *Support for Gender Equality: Lessons from the U.S. Experience in Afghanistan*. IG Sopko provided the keynote address and focused his remarks on SIGAR's analysis that U.S. efforts to support Afghan women and girls have yielded mixed results, noting that while indisputable gains had been made for Afghan women and girls in the areas of education and healthcare, SIGAR had also found serious shortcomings in a number of U.S.-funded gender-related programs. IG Sopko also recommended that U.S. policymakers consider conditioning U.S. assistance to any future Afghan government on that government's demonstrated commitment to the protection of women and girls.



IG Sopko and Kate Bateman of SIGAR's Lessons Learned Program spoke at a Brookings Institution virtual event entitled “Women in Afghanistan and the Role of U.S. Support.” (SIGAR photo)

Following IG Sopko's keynote address, a panel discussion led by Brookings Institution Senior Fellow Vanda Felbab-Brown, and including SIGAR Gender Lessons Learned Project Lead Kate Bateman, Gender Integration Manager and Independent Consultant Belquis Barrai, and Founder and Executive Director of Afghan NGO LEARN, Pashtana Durrani, further discussed the report's findings, what U.S. assistance had (and had not) achieved, and concerns about what may happen to the rights of Afghan women and girls should the Taliban return to a formal governing role in Afghanistan.

SIGAR BUDGET

SIGAR is funded through September 30, 2021, under H.R. 133, Consolidated Appropriations Act, 2021, signed into law on December 27, 2020. This Act provides \$54.9 million to support SIGAR's oversight activities and products by funding SIGAR's Audits and Inspections, Investigations, Management

and Support, and Research and Analysis Directorates, and the Lessons Learned Program.

SIGAR STAFF

SIGAR's staff count has remained steady since the last report to Congress, with 176 employees on board at the end of the quarter. SIGAR has 21 billets assigned to the U.S. Embassy Kabul, Afghanistan with 10 of those positions encumbered. Because of the COVID-19 pandemic and other uncertainties in Afghanistan, decisions on returning the other employees are on hold. SIGAR also employed four Afghan nationals in its Kabul office to support the Forward Operations, Investigations, and Audits Directorates. SIGAR supplemented its resident staff this quarter with one employee on short-term temporary duty in Afghanistan.

“While we will not stay involved in Afghanistan militarily, our diplomatic and humanitarian work will continue.

We’ll continue to support the government of Afghanistan. We will keep providing assistance to the Afghan National Defense and Security Forces.”

—*President Joseph R. Biden*