

# 5 SIGAR OVERSIGHT



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Inspector General John F. Sopko speaks at Harvard University alongside Sal Parsa, co-chair of the Afghanistan Caucus at the Kennedy School and moderator of the event. (Photo by SIGAR)

## SIGAR OVERSIGHT ACTIVITIES

SIGAR's work to date has identified approximately \$3.97 billion in savings to the U.S. taxpayer. This quarter, SIGAR's national and international engagements showcased the continued interest in learning from the United States' experience in Afghanistan, especially in conducting oversight of U.S. assistance in a country whose regime the United States and other donors do not recognize.

SIGAR issued 13 products this quarter, including this quarterly report. SIGAR issued one performance audit report and one evaluation report, partly in response to a March 2023 request from the Chairman of the U.S. House Foreign Affairs Committee, that examined U.S. taxpayer money being paid to the Taliban. A second performance audit SIGAR issued examined State's compliance with vetting its contractors. SIGAR also completed nine financial audits of U.S.-funded projects in Afghanistan that identified \$1,917,456 in questioned costs as a result of internal-control deficiencies and noncompliance issues by U.S. government contractors. This quarter, SIGAR's criminal investigations resulted in one conviction. SIGAR closed two cases, bringing the total number of ongoing cases to 24.

### PERFORMANCE AUDITS AND EVALUATIONS

SIGAR conducts performance and financial audits, and evaluations of programs and projects connected to U.S. assistance in Afghanistan. SIGAR has seven ongoing performance audits and evaluations, and 29 ongoing financial audits, as shown in Appendix B of this report.

In response to the 2021 U.S. withdrawal and the collapse of the Afghan government, SIGAR's Audits and Inspections Directorate has adapted and reprioritized its oversight work to meet emergent programming priorities and address areas of interest and concern to Congress and to the American taxpayer. These include U.S.-funded programs in Afghanistan across multiple key sectors that support girls' and women's rights, counternarcotics, water, sanitation, and hygiene, demining, and internally displaced persons.

Additionally, SIGAR has long emphasized the need for third-party verification of reports, which remains relevant as U.S. implementing agencies continue to rely on third-party monitoring and evaluation for their in-country programming. Moreover, SIGAR has identified donor coordination as an area needing improvement, a particularly applicable concern given ongoing U.S. funding to international organizations. The Audits and Inspections Directorate maintains vigorous oversight in these areas to improve accountability and transparency, suggest process improvements, and generate lessons learned for other current and future overseas reconstruction and development efforts.

## Performance Audit Reports

SIGAR issued two performance audit reports and one evaluation report this quarter. Two of these reports respond, in part, to a March 2023 request from the Chairman of the U.S. House Foreign Affairs Committee, Michael McCaul, to (1) evaluate the impact of introducing large amounts of U.S. currency into the Afghan economy; and (2) determine the benefits and challenges of using direct cash assistance as a form of aid, compared to other forms of assistance.

### **Performance Audit 24-31-AR: Counterterrorism Vetting in Afghanistan: Two of Five State Bureaus Could Not Demonstrate Compliance with State Partner Vetting Requirements**

The Department of State has implemented development and humanitarian projects in Afghanistan since 2001. Under federal laws and regulations, U.S. agencies, including State, are prohibited from engaging in transactions with certain sanctioned individuals and entities, such as the Taliban. State established internal guidance and policies to help ensure it complies with these prohibitions, including its implementing partner vetting process. This process requires all State bureaus to perform basic procedures, such as preparing a risk assessment for each program and risk assessments of prospective implementing partners. This audit assessed the extent to which State adhered to applicable policies and procedures for vetting implementing partners in Afghanistan.

SIGAR found that three out of the five State bureaus that had active awards in Afghanistan from March 1, 2022, through November 30, 2022, had sufficient documentation to demonstrate they complied with State's partner vetting requirements. However, SIGAR determined the remaining two bureaus did not comply with federal document retention requirements since they could not provide sufficient documentation to demonstrate their active Afghanistan awards complied with State's partner vetting requirements. State officials acknowledged the noncompliance by the two bureaus and told SIGAR that one bureau did not retain documentation because of employee turnover and the dissolution of its Afghanistan-Pakistan office. They were unable to provide an explanation for the second bureau. In total, State could not demonstrate compliance with its partner vetting requirements on awards that disbursed at least \$293 million in Afghanistan.

The risk of the Taliban benefiting from U.S. taxpayer funds and funneling money to terrorist groups underscores the importance of State complying with its own vetting and document retention requirements. To help improve State's compliance with federal and Department partner vetting requirements, SIGAR recommended that the Secretary of State take immediate action to ensure that State bureaus comply with federal and Foreign Affairs Manual partner vetting and award document retention requirements to enable policymakers and other oversight authorities to better scrutinize the risks posed by State's spending.

## **Evaluation 24-32-IP: U.S. Currency Shipments to Afghanistan: U.S. Currency Has Reportedly Stabilized the Afghan Economy but Benefits the Taliban**

From December 2021 through January 2024, the UN purchased and transported at least \$3.8 billion in U.S. currency into Afghanistan to fund the operations of international aid organizations, following the Taliban's August 2021 takeover. This is the second of two reports requested by the Chairman of the U.S. House Foreign Affairs Committee. The first report examined the process to purchase, transport, transfer, and convert U.S. currency in Afghanistan. This evaluation's objectives were to (1) evaluate the impact of introducing large amounts of U.S. currency into the Afghan economy; and (2) determine the benefits and challenges of using direct cash assistance as a form of aid, compared to other forms of assistance.

SIGAR found that Afghanistan suffers from a liquidity crisis due to its isolation from the international banking system and its central bank's—Da Afghanistan Bank (DAB)—lack of technical expertise within the financial sector, and its inability to print new, or replace existing, afghani banknotes. The UN's U.S. currency shipments have had a positive economic impact, as the shipments eased Afghanistan's liquidity crisis; have allowed the Taliban-run DAB to implement monetary policies, such as easing cash withdrawal restrictions; and have helped alleviate the negative economic impacts of Taliban policies, such as restricting women's ability to travel or be employed. However, due to the Afghan economy's reliance on U.S. currency shipments, SIGAR found that a reduction or cessation of the shipments would result in a reversal of economic and humanitarian gains.

SIGAR also found that international aid organizations prefer direct cash assistance as an aid modality because it is the only modality that is nationally scalable while also being cost-effective, efficient, and dignified. While effective, SIGAR also found that direct cash assistance has limitations in its application and use, such as its inability to address all humanitarian needs. SIGAR found U.S. agencies and international aid organizations have policies and procedures in place that intend to prevent Taliban attempts to misuse or divert direct cash assistance, such as State and USAID's vetting process and international aid organizations suspending humanitarian activities.

SIGAR also found that UN shipments of U.S. currency provide direct and indirect benefits to the Taliban, such as revenue generation, stabilizing and strengthening the regime, and providing it access to untraceable U.S. currency. SIGAR noted that Congress may wish to determine whether the benefits that U.S. currency shipments provided to the Taliban regime outweigh the economic and humanitarian benefits associated with providing assistance to the Afghan people. If Congress determines the benefits to the Taliban are too great, Congress may wish to consider implementing limits to or requiring additional oversight of the purchase and transport of U.S. currency shipments to Afghanistan.



**Performance Audit 24-22-AR: U.S. Funds Benefitted the Taliban-Controlled Government: Implementing Partners Paid at Least \$10.9 Million and Were Pressured to Divert Assistance**

U.S. agencies continue to rely heavily on nongovernmental organizations (NGOs) and public international organizations to implement humanitarian and development programs in Afghanistan. The former Afghan government and the Taliban have benefitted from U.S. aid by imposing taxes, fees, duties, and utilities on implementing partners. In this audit, SIGAR assessed the extent to which (1) U.S. funds intended to provide assistance to the Afghan people are benefitting the Taliban, in the form of taxes, fees, import duties, permits, licenses, or public utilities payments since August 2021; and (2) U.S. agencies provided oversight of these funds.

SIGAR issued questionnaires to 144 implementing partners that have conducted U.S.-funded activities in Afghanistan since August 2021 and received 65 responses (45%). Of those 65 responses, 38 (58%) reported paying an estimated \$10.9 million in taxes, fees, duties, or utilities to the Taliban. These payments are likely only a fraction of the total amount of U.S. assistance funds provided to the Taliban in the form of taxes, fees, duties, and utilities, as UN agencies receiving U.S. funds did not collect data or provide relevant information about payments made by their implementing partners. SIGAR also found that the Taliban disrupted implementing partner activities through various means, including attempts to divert aid or infiltrate NGOs and interfere with their activities, which negatively impacted programming and aid from intended beneficiaries.

Although implementing partners were required by the Taliban to pay taxes, fees, and duties, SIGAR found that State and USAID did not ensure all implementing partner awards included a mandatory tax reporting clause. State and USAID also did not ensure that their implementing partners submitted all required tax reports. Of the 122 awards that required foreign tax reporting, 48 were State and 74 were USAID awards. There was no foreign tax reporting included in 11 of the 48 State and five of the 74 USAID awards. Additionally, even when clauses were included in the awards, State and USAID did not ensure implementing partners submitted the foreign tax reports. State only provided tax reports for nine of the 48 awards (19%) and USAID only provided SIGAR with 23 of 126 required reports (18%). SIGAR recommended that State and USAID (1) expand tax reporting requirements to all U.S. award agreements and to all types of taxes; (2) take action to ensure that responsible officials include tax reporting requirements in all applicable awards; (3) take action to ensure responsible officials collect foreign tax reports; and (4) direct implementing partners to adhere to Treasury's Office of Foreign Assets Control record retention requirements.

## 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.

SIGAR’s financial audit program identifies **questioned costs** resulting from a contract or grant awardee’s lack of, or failure to comply with, internal controls, or a failure to comply with applicable requirements. The results of SIGAR’s financial audits, including any recommendations about questioned costs, are provided to the funding agencies to make final determinations on fund recovery. Since 2012, SIGAR’s financial audits have identified more than \$537 million in questioned costs and \$366,718 in unpaid interest on advanced federal funds or other revenue amounts owed to the government.

This quarter, SIGAR completed nine financial audits of U.S.-funded projects in support of the Afghan people. An additional 29 ongoing financial audits are reviewing \$320 million in auditable costs, as shown in Table S.1. A list of completed and ongoing financial audits can be found in Appendix B 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. As of June 30, 2024, funding agencies had disallowed \$29.78 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 have also identified and reported 817 compliance findings and 887 internal-control findings to the auditees and funding agencies.

## Financial Audit Reports Issued

The nine financial audits completed this quarter identified \$1,917,456 in questioned costs as a result of internal-control deficiencies and noncompliance issues. Due to the current security situation in Afghanistan, the names and other identifying information of some implementing partners have been withheld at USAID’s request.

**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).

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

TABLE S.1

SIGAR’S FINANCIAL AUDIT COVERAGE (\$ BILLIONS)	
268 completed audits	\$9.8
29 ongoing audits	0.3
<b>Total</b>	<b>\$10.1</b>

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, 7/1/2024.

**Financial Audit 24-30-FA: Department of State's Mine Clearance Projects in Afghanistan****Audit of Costs Incurred by Afghan Technical Consultants**

On June 13, 2019, State's Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement awarded a one-year, \$1,679,000 grant to Afghan Technical Consultants (ATC) to support various mine clearance projects in Afghanistan. The grant's initial objective was to clear 36 minefields and seven battlefields, and raise civilians' awareness in targeted communities of the threats posed by landmines and explosive remnants of war. State issued two additional grants to ATC to continue and expand activities. The additional grants increased the total funding to \$4,891,000 and extended the period of performance end date from August 31, 2020, to August 31, 2021. The three grants were modified seven times, extending the period of performance through October 31, 2021. The total award amount did not change.

SIGAR's financial audit, performed by Conrad LLP, reviewed \$4,891,000 in costs charged to the grants from June 17, 2019, through October 31, 2021. Conrad identified two significant deficiencies in ATC's internal controls and two instances of noncompliance with the terms of the grant agreements. Because of the deficiencies in internal controls and instances of noncompliance, Conrad identified \$13,009 in questioned costs.

**Financial Audit 24-29-FA: USAID's Afghanistan Conflict Mitigation Assistance for Civilians Program****Audit of Costs Incurred by Blumont Global Development Inc.**

On March 12, 2018, USAID awarded a five-year, \$39,999,873 cooperative agreement to Blumont Global Development Inc. in support of the Conflict Mitigation Assistance for Civilians program. The program was intended to provide comprehensive assistance to Afghan families who suffered from military operations, including capacity building, advocacy and outreach, and other related activities. USAID modified the agreement eight times. The modifications increased the total funding to \$49,999,873 and extended the end of period of performance to June 30, 2023.

SIGAR's financial audit, performed by Conrad LLP, reviewed \$28,400,707 in costs charged to the agreement from November 1, 2020, through June 30, 2023. Conrad identified one significant deficiency in Blumont's internal controls and one instance of noncompliance with the terms of the agreement. Because of the deficiency in internal controls and instance of noncompliance, Conrad identified \$15,987 in questioned costs.



## **Financial Audit 24-28-FA: Department of State’s Project 31-32 Baghlan-Kandahar**

### **Audit of Costs Incurred by the Demining Agency for Afghanistan**

On June 10, 2020, the U.S. Department of State’s Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement, awarded a 12-month, \$4,422,320 grant to the Demining Agency for Afghanistan (DAFA) to support Project 31-32 Baghlan-Kandahar. The project aimed to create conditions where landmines and other explosive remnants of war in Afghanistan did not present safety risks for civilians or hinder the development and productive use of land in Baghlan and Kandahar Provinces. The initial period of performance was June 15, 2020, through June 14, 2021. State modified the grant once which extended the period of performance through September 30, 2021, and did not change the total award amount.

SIGAR’s financial audit, performed by KPMG LLP, reviewed \$4,422,320 in costs charged to the grant from June 15, 2020, through September 30, 2021. KPMG identified three deficiencies in DAFA’s internal controls and two instances of noncompliance with the terms of the award. Due to the deficiencies in internal controls and instances of noncompliance, KPMG identified \$1,603 in questioned costs.

## **Financial Audit 24-27-FA: USAID’s [redacted] Program**

### **Audit of Costs Incurred by [redacted]**

On September 24, 2021, USAID BHA awarded a \$16,000,000 grant to [redacted] in support of the [redacted] program. The program sought to respond to multi-sector humanitarian needs and foster resilience among conflict-affected and underserved communities in hard-to-reach areas in Afghanistan. The grant required [redacted] to address gaps in access to safe water, sanitation, essential health services, and basic food needs. USAID BHA modified the grant three times. The modifications increased the award amount to \$20,866,146 and extended the period of performance through January 31, 2023.

SIGAR’s financial audit, performed by Crowe LLP, reviewed \$19,708,069 in costs charged to the grant from July 1, 2021, through January 31, 2023—the grant’s entire period of performance—which included pre-award costs. Crowe identified two significant deficiencies and one deficiency in [redacted]’s internal controls and three instances of noncompliance with the terms of the award. Crowe identified \$3,500 in questioned costs from the deficiencies in internal controls and instances of noncompliance.

**Financial Audit 24-26-FA: USAID's [redacted] Program****Audit of Costs Incurred by [redacted]**

On June 8, 2021, USAID's Bureau for Humanitarian Assistance (BHA) awarded a 14-month, \$8,000,000 grant to [redacted] in support of its [redacted] program. The program aimed to meet lifesaving needs and alleviate suffering of those affected by conflict and crises across Afghanistan. [Redacted] provided interventions such as cash-for work, multi-purpose cash assistance, and health, water, sanitation, hygiene, and shelter services. USAID BHA modified the grant twice. The modifications increased the award amount to \$21,800,000 and extended the period of performance through November 5, 2022.

SIGAR's financial audit, performed by Crowe LLP, reviewed \$21,800,000 in costs charged to the grant from June 8, 2021, through November 5, 2022. Crowe identified one significant deficiency, one deficiency in [redacted] internal controls, and two instances of noncompliance with the terms of the award. Crowe identified \$39,147 in questioned costs from deficiencies in internal controls and instances of noncompliance.

**Financial Audit 24-25-FA: USAID's [redacted] Program****Audit of Costs Incurred by [redacted]**

On September 24, 2021, USAID awarded a \$7,500,000 grant to [redacted] to support the [redacted] Program. The program aimed to reduce mortality and morbidity in eight targeted provinces through the provision of primary healthcare services. USAID modified the grant agreement twice, which increased the total funding to \$22,500,000 and extended the period of performance from September 30, 2022, through March 31, 2023.

SIGAR's financial audit, performed by Conrad LLP, reviewed \$22,500,000 in costs charged to the grant from August 1, 2021, through March 31, 2023. Conrad identified one material weakness and five significant deficiencies in [redacted]'s internal controls and six instances of noncompliance with the terms of the grant agreement. Because of the deficiencies in internal controls and instances of noncompliance, Conrad identified \$1,831,710 in questioned costs.

**Financial Audit 24-24-FA: Department of State's Demining Clearance and Surveying Projects throughout Afghanistan****Audit of Costs Incurred by Mine Clearance Planning Agency**

From 2018 through 2021, State awarded \$6,206,506 for two grants to Mine Clearance Planning Agency (MCPA) to support various demining activities. The grants' objectives were to increase civilian safety, provide explosive ordnance risk education, collect accurate and reliable data, and create awareness among people in the targeted communities about the threats of explosive remnants of war and mines. State modified both grants six times,

which increased the total funding to \$8,308,506 and extended the period of performance to March 15, 2024.

SIGAR's financial audit, performed by Conrad LLP, reviewed \$5,412,258 in costs charged to the grants from March 1, 2021, through October 31, 2023. Conrad identified five significant deficiencies in MCPA's internal controls and five instances of noncompliance with the terms of the grants. Because of the deficiencies in internal controls and instances of noncompliance, Conrad identified \$11,886 in questioned costs.

### **Financial Audit 24-23-FA: Department of State's Children's Support Center Project in Afghanistan**

#### **Audit of Costs Incurred by Women for Afghan Women Inc.**

On January 31, 2021, State awarded a one-year, \$3,906,976 cooperative agreement to Women for Afghan Women Inc. (WAW), to support the Children's Support Center Project in Afghanistan. The project provided care to children of incarcerated women in Afghanistan. State modified the agreement two times. The modifications increased the total funding to \$4,095,376 and extended the end of the period of performance from January 31, 2022, to December 31, 2022. State terminated the contract for convenience effective August 17, 2022.

SIGAR's financial audit, performed by KPMG LLP, reviewed \$3,403,916 in costs charged to the agreement from February 1, 2021, through August 17, 2022. KPMG identified one deficiency in WAW's internal controls and one instance of noncompliance with the terms of the agreement. KPMG identified \$614 in questioned costs from the internal control deficiency and noncompliance instance.

### **Financial Audit 24-21-FA: USAID's [redacted] Program**

#### **Audit of Costs Incurred by [redacted]**

On June 1, 2021, USAID awarded a one-year, \$2,200,000 grant to [redacted] in support of the [redacted] program. The purpose of the program was to provide Afghans living in informal settlements with assistance to lessen their dependence on humanitarian aid. The grant required [redacted] to support vulnerable people; increase household income, housing land, and property rights; and build the resilience of the next generation through apprenticeship programs. USAID modified the agreement three times, which increased the total grant amount to \$4,400,000 and extended the period of performance to January 31, 2023.

SIGAR's financial audit, performed by Crowe LLP, reviewed \$4,400,000 in costs charged to the agreement from June 1, 2021, through January 31, 2023. Crowe identified two significant deficiencies in [redacted]'s internal controls and two instances of noncompliance with the terms of the agreement. Crowe did not identify any questioned costs.

## 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 seven recommendations contained in three performance audit, inspection, and financial audit reports. From 2009 through June 2024, SIGAR issued 498 audits, alert letters, and inspection reports, and made 1,365 recommendations to recover funds, improve agency oversight, and increase program effectiveness.

SIGAR has closed 1,294 of these recommendations, about 94%. 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 has closed a total of 290 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. SIGAR works with agencies to obtain the sufficient, relevant information necessary to resolve recommendations. If documentation is insufficient or does not meet the intent of a recommendation, it remains open. This process continues until SIGAR receives the information necessary to close the recommendation.

This quarter, SIGAR continued to monitor agency actions on 107 open recommendations. Of these recommendations, 50 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](http://www.sigar.mil).

## LESSONS LEARNED

SIGAR's Lessons Learned Program was created to identify and preserve lessons from the U.S. reconstruction experience in Afghanistan, and to make recommendations to Congress and executive branch agencies on ways to improve current and future efforts. SIGAR's lessons learned reports offer detailed and actionable recommendations to policymakers and respond to the needs of U.S. implementing agencies—both in terms of accurately capturing their past efforts and providing timely and actionable guidance for future efforts. To date, SIGAR's Lessons Learned Program has issued 18 reports, including three congressionally requested evaluations of the factors that led to collapse of the Afghan government and its security forces and a 12-report series of comprehensive lessons learned reports. These reports

have identified over 216 specific findings and lessons and made over 156 recommendations.

## Ongoing Lessons Learned Program Work

SIGAR has two ongoing lessons learned projects. The first is examining the challenges faced by donors, the UN, and NGOs in getting aid to vulnerable people living under regimes that the United States and other donors do not recognize, otherwise known as politically estranged countries. While the project is focusing on challenges in Taliban-controlled Afghanistan, in order to develop best practices, it is also examining similar efforts in other countries, including South Sudan, Sudan, Syria, and Yemen. The report will document how the United States and other donor countries, as well as multilateral organizations such as the UN and World Bank, respond to undemocratic regime changes in countries that receive significant aid. It will make recommendations about how donors, the UN, and NGOs can better understand and mitigate interference and diversion to make aid delivery more effective.

The second project is assessing the staffing of U.S. government personnel in positions relating to Afghanistan, with five key focus areas: recruitment/hiring, training, deployment, retention, and hand over/backfilling. It is focusing on the mechanisms of getting the right U.S. personnel into the right roles at the right times—both at headquarters and especially in the field—and the immense challenges U.S. agencies faced in these tasks over two decades.

## INVESTIGATIONS

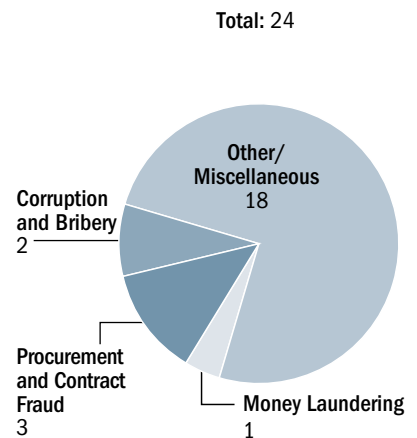
Following the U.S. withdrawal and the collapse of the Afghan government, SIGAR continues its investigations and criminal inquiries into corruption-related theft of U.S. taxpayer monies spent in and on Afghanistan. SIGAR's Investigations Directorate oversees and investigates the misuse of reconstruction funds provided prior to and post-August 2021, and works with cooperating U.S. government partners to identify weaknesses in financial institutions that contribute to capital flight from Afghanistan and to access intelligence on illicit financial networks. To date, SIGAR investigations have resulted in 169 criminal convictions. Criminal fines, restitutions, forfeitures, civil settlements, and U.S. government cost savings and recoveries total approximately \$1.67 billion.

During the reporting period, two cases were closed and no cases were initiated. A SIGAR investigation resulted in one conviction. There are 24 ongoing investigations, as shown in Figure S.1.

FIGURE S.1

### SIGAR INVESTIGATIONS: NUMBER OF OPEN INVESTIGATIONS

April 1–June 30, 2024



Source: SIGAR Investigations Directorate, 7/3/2024.



### **Former U.S. Navy Reserves Officer Convicted for Special Immigration Visa Conspiracy Scheme**

On July 12, 2024, in the U.S. District Court of New Hampshire, a jury convicted Commander Jeromy Pittmann, of the U.S. Navy Reserves, on charges of conspiracy to commit bribery and false writing, bribery, false, writing and conspiracy to commit concealment money laundering.

The Afghan Allies Protection Act of 2009 authorized the issuance of Special Immigrant Visas (SIV) to Afghan nationals who worked with the U.S. Armed Forces in Afghanistan as interpreters or translators. Among other requirements, an Afghan national applying for an SIV under this program was required to submit a letter of recommendation from a person associated with the U.S. government in a specified supervisory or senior position. The U.S. Department of State's National Visa Center, located in Portsmouth, New Hampshire, was responsible for reviewing applications for SIVs. As part of its procedures for processing an SIV application, it was State's practice to request verification from the recommender.

Pittmann is a U.S. citizen who resided in Naples, Italy, and Pensacola, Florida, and served as an officer in the U.S. Navy Reserves for approximately 20 years, including in Afghanistan. In his capacity of naval officer, Pittmann prepared approximately 22 false letters of recommendation for Afghans whose SIV applications had been submitted to State for processing. He received bribe money from an Afghan co-conspirator for each false letter of recommendation submitted to State.

Pittmann is scheduled to be sentenced on October 21, 2024, and faces a maximum penalty of 45 years in prison.

SIGAR, the Naval Criminal Investigative Service (NCIS), and the Defense Criminal Investigative Service (DCIS) investigated the case.

### **Former Construction Specialist to be Sentenced for Special Immigration Visa Fraud**

On August 19, 2024, Michael Baum is scheduled to be sentenced in the U.S. District Court of New Hampshire. In November 2022, Baum pleaded guilty to one count of visa fraud. During 2020 and 2021, Baum, a former construction specialist residing in California, knowingly presented to State a document required by the immigration laws and regulations that contained a false statement. In exchange for monetary payments, Baum signed multiple letters of recommendation in support of SIV applications for Afghan nationals whom Baum falsely claimed to have supervised while deployed to Afghanistan. After the applications were submitted, in response to inquiries from State's National Visa Center, Baum falsely verified the authenticity of the letters. Two other subjects were previously sentenced in connection to this investigation.

## **Follow the Money and Capital Flight Initiatives**

This quarter, SIGAR investigators continued pursuing several criminal investigations and lines of inquiry emanating from their Follow the Money and Capital Flight initiatives of those who may have been involved in the theft or fraudulent receipt of U.S. reconstruction funds. Follow the Money and Capital Flight initiatives include (1) identifying all financial institutions in Afghanistan that U.S. reconstruction funds were deposited into for an 18-month period prior to the collapse of the Afghan government; (2) working with financial agencies and law enforcement partners to identify monetary outflows from Afghanistan that may be connected to former Afghan government officials, politically connected individuals, and others involved in suspicious transactions, and identifying high value real estate purchased by such individuals in the United States or abroad for potential connection to capital flight and potential seizure; and (3) developing extensive networks and contacts to uncover the identity of individuals, entities, and shell corporations used by former Afghan government officials or politically connected individuals who may have benefited from the theft of reconstruction funds or capital flight from Afghanistan.

## **SIGAR P1/P2 Referral Initiative Update**

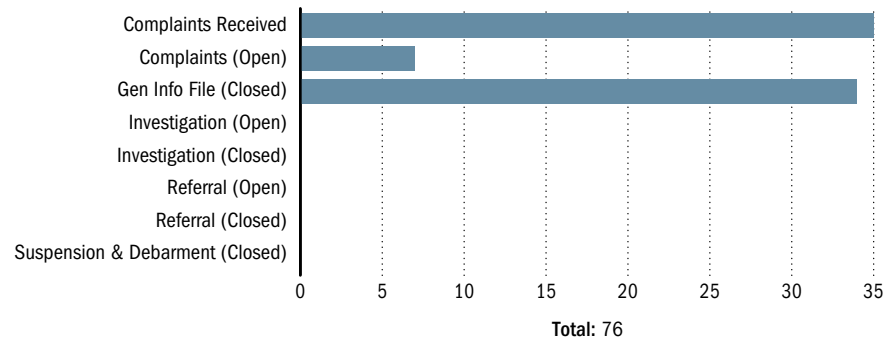
SIGAR has referred over 292 P1 and P2 applicants for resettlement in the United States. SIGAR also continues to work with the Department of State Diplomatic Security Service, the Defense Criminal Investigative Service, and other U.S. entities in response to an influx of Special Immigrant Visa fraud.

## **SIGAR Hotline**

The SIGAR Hotline (by e-mail: [sigar.hotline@mail.mil](mailto:sigar.hotline@mail.mil); web submission: [www.sigar.mil/investigations/hotline/report-fraud.aspx](http://www.sigar.mil/investigations/hotline/report-fraud.aspx); phone: 866-329-8893 in the United States) received 35 complaints this quarter. In addition to working on new complaints, the Investigations Directorate continued work on complaints received prior to April 1, 2024. The directorate processed 76 complaints this quarter; most are under review or were closed, as shown in Figure S.2.

FIGURE S.2

## STATUS OF SIGAR HOTLINE COMPLAINTS: APRIL 1-JUNE 30, 2024



Source: SIGAR Investigations Directorate, 7/1/2024.

## OTHER SIGAR OVERSIGHT ACTIVITIES

### SIGAR Meets with German and Dutch Agencies

SIGAR Lessons Learned Program Deputy Director David Young met with the German Foreign Office, the German aid agency (BMZ), the German Stabilization Platform, the German Institute for Development Evaluation, the Global Public Policy Institute (GPPI, Berlin), and the Dutch Ministry of Foreign Affairs. Most meetings were briefings of SIGAR’s Lessons Learned Program’s findings and lessons from Afghanistan for the purpose of helping the German and Dutch governments apply them in Ukraine, the Sahel, and Gaza. Across more than six meetings, Mr. Young briefed and met with nearly 70 officials, in addition to briefing a public event attended by more than 100. Mr. Young spoke at two think tank events: a private event at the Global Public Policy Institute in Berlin, and a public event hosted by the German Institute for Development Evaluation.

German and Dutch government officials and practitioners found SIGAR’s findings relevant to similar challenges they are facing in Ukraine, the Sahel, Gaza, and other conflict-affected areas. SIGAR’s model was featured by experts and audience members as an enviable mechanism the German government should develop. These meetings’ outcomes follow SIGAR’s prior meetings with the Swedish and Norwegian governments that are seeking to create similar lessons-learned programs.



**SIGAR Lessons Learned Program Deputy Director David Young** (second from left) speaks at a Global Public Policy Institute panel in Berlin. (Photo by GPPI, Berlin)

## **SIGAR Meets with Afghan and Afghan-American Students at Harvard University's Kennedy School**

On April 25, Inspector General John Sopko spoke with a group of Afghan and Afghan-American students at the John F. Kennedy School of Government at Harvard University about the challenges, achievements, and lessons learned from the U.S. effort to rebuild Afghanistan. Members of the Afghanistan Caucus, a student organization at Harvard Kennedy School, organized and hosted the event.



**Inspector General John Sopko** speaks at Harvard University in April. (Photo by SIGAR)

## SIGAR Participates in Dexis Panel

On June 18, SIGAR Lessons Learned Deputy Director David Young spoke on a panel titled, “Crisis Without Conclusion: Adapting Programming to Protected Conflicts,” hosted by Dexis Consulting Group. The panel discussed how development, stabilization, and peacebuilding practitioners can adapt and respond to protracted conflicts, including Afghanistan, Ethiopia, and Ukraine. Mr. Young spoke on several of SIGAR’s lessons learned reports, including *What We Need to Learn: Lessons from Twenty Years of Afghanistan Reconstruction*.



SIGAR Lessons Learned Deputy Director David Young (top right) speaks on a Dexis panel in June. (Photo by Dexis)

## SIGAR Holds Meetings with Australian Officials and Implementers on Lessons Learned

In July, Deputy Special Inspector General Gene Aloise, Deputy Director of Lessons Learned David Young, Deputy Director of Research and Analysis Michael Bindell, and Senior Program Analyst Julianna Barr met members of the Australian parliament; senior advisors to the foreign minister; senior staff at the Australian government’s Department of Foreign Affairs and Trade (DFAT), which advances Australian interests internationally and is responsible for the design and delivery of its aid programs; multiple think tanks; dozens of Australian development partners; and select Afghanistan scholars to share SIGAR’s lessons from both pre-collapse and post-collapse Afghanistan.

Australian stakeholders in and out of government continue working on Afghanistan and face similar challenges to those in Afghanistan in other countries. In discussions about contemporary Afghanistan, SIGAR briefed





**SIGAR's Deputy Inspector General Gene Aloise (left), Senior Program Analyst Julianna Barr (middle left), Lessons Learned Deputy Director David Young (middle right), and Research and Analysis Deputy Director Michael Bindell (right) meet with Development Intelligence Lab officials in Australia. (Photo by SIGAR)**

the Australians about its ongoing work on Taliban efforts to divert or benefit from U.S. assistance. Of particular interest was SIGAR's ongoing lessons learned report about the challenges faced by donors, the UN, and NGOs in providing aid to vulnerable people living under regimes that the United States and other donors do not recognize, otherwise known as politically estranged countries.

In other discussions, SIGAR shared how lessons from pre-collapse Afghanistan could be learned and implemented in places of particular interest to Australia such as Ukraine, Gaza, Papua New Guinea, Solomon Islands, Philippines, and Myanmar. SIGAR's engagements with government officials included:

- Eight Australian members of parliament from a range of political parties who were most interested in attempts by the Taliban to divert or benefit from U.S. assistance.
- Senior advisors to Foreign Minister Penny Wong, who were interested in risks to U.S. assistance and how SIGAR's lessons might inform Australia's work in the Pacific.
- Senior staff at Australia's DFAT, including two meetings with the department's South and Central Asia team and its Humanitarian Division, who were interested in Taliban attempts at diversion, and how to address those challenges in other similar contexts, including Syria, Sudan, and elsewhere.

The SIGAR team participated in a roundtable event hosted by the Development Intelligence Lab, an Australian think tank that focuses on development cooperation. The discussion centered on lessons for Australia on fragility, state building, and stabilization, and was attended by working level staff from DFAT, civilian-military advisors, development program implementers, and academics.

SIGAR also met with the Australian Council for International Development (ACFID), an association representing Australian NGOs involved in international development and humanitarian action, as well as more than 15 of their member NGO implementers. Deputy IG Aloise provided an overview of SIGAR's mandate, work, and major findings. Mr. Young briefed the group on SIGAR's Lessons Learned of providing reconstruction assistance over 20 years before the collapse of the Afghan government. The session then opened up for questions and answers.

Additionally, at a hybrid public event hosted by the Globalisation & Governance Research Network at the University of New South Wales, Deputy IG Aloise and Deputy Director of Lessons Learned David Young spoke alongside Afghanistan scholars about how the lessons from rebuilding Afghanistan can and should be applied to Australia's foreign assistance and development challenges in the Pacific.

## **SIGAR BUDGET**

SIGAR is currently funded under H.R. 2882—Further Consolidated Appropriations Act, 2024, signed into law on March 23, 2024. This bill provides \$24.8 million to support SIGAR's oversight activities and products by funding SIGAR's Audit and Inspections, Investigations, Management and Support, Research and Analysis Directorates, and Lessons Learned Program.

## **SIGAR STAFF**

With 111 employees on board at the end of the quarter, SIGAR had two fewer staff members than reported in its last quarterly report to Congress.



سر مفتش ویژه برای بازسازی افغانستان



اداره

سنتز مفتش

د پیار غاونو ایپاره د خانگری



