



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

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Protecting U.S. Assistance to Afghanistan Following the Withdrawal of U.S. and Coalition Forces

President Biden’s announcement that U.S. troops would be withdrawn from Afghanistan by September 11, 2021, was accompanied by a statement that the U.S. will continue to provide diplomatic and humanitarian support to the government of Afghanistan, as well as assistance to the Afghan National Defense and Security Forces (“ANDSF”). While the nature and extent of this assistance remains unclear at this point, one thing *is* clear: continued support will require independent oversight to detect, deter, and prevent waste, fraud, and abuse of taxpayer dollars.¹

Contrary to what some have suggested, the withdrawal of U.S. forces does not mean that it will be impossible to conduct effective oversight. It will be much more difficult, and there are many uncertainties, but based on SIGAR’s experience, it can be done. SIGAR has been conducting oversight in Afghanistan since 2009 and operating outside-the-wire for years, including after major troop drawdowns began in 2014. Over that period SIGAR’s audits and investigations have saved the taxpayers more than \$3.82 billion.

Following is a discussion of some important actions SIGAR believes Congress and the Administration should take to help ensure that effective oversight continues, and an overview of how SIGAR plans to protect U.S. funding.

Recommendations for Congress and the Administration:

- **Congress and the Administration should strictly condition U.S. funding and other assistance to Afghanistan on the Afghan government granting SIGAR and other oversight organizations access to Afghan government ministries and their records.** Some examples of key Afghan records include the Core Inventory Management System, which tracks ANDSF equipment; the Afghan Personnel and Pay System, which is the Afghan government’s human resource management tool; and the Afghanistan Financial Management Information System (“AFMIS”), which records Afghan government revenues and expenditures. This is not a radical idea: following the Chernobyl crisis the U.S. conditioned assistance to Russia on GAO having access to all sites receiving assistance and all associated records.

¹ President Biden’s budget proposal calls for over \$3 billion in security and civilian reconstruction assistance for Afghanistan in fiscal year 2022. Additionally, as of March 31, 2021, approximately \$7.48 billion appropriated for Afghanistan reconstruction remained available to be spent.

- **Congress and the Administration should strictly condition U.S. funding and other assistance funneled through trust funds administered by international organizations, such as the World Bank, on the recipients granting SIGAR and other oversight organizations access to all records pertaining to the use of such funds.** This is important because international organizations administering such trust funds have to varying degrees resisted providing information to SIGAR auditors.
- **Congress should direct the Administration to re-establish an Afghanistan Threat Finance Cell (“ATFC”) to identify, disrupt, and eliminate illicit financial networks in Afghanistan, particularly those involved in narcotics trafficking, illicit financial transactions, and terrorist networks.**² The disruption and elimination of illicit financial networks is key to fighting corruption, increasing the stability of the Afghan government, and reducing financial support for terrorists. The ATFC would be an interagency effort, combining law enforcement, military, and financial intelligence resources to identify, target, disrupt, and dismantle illicit financial networks. To be effective, it must leverage the expertise of the National Security Council, CIA, DEA, CENTCOM, the Treasury Department, and SIGAR. The new ATFC could be located in Qatar or elsewhere in the region. It would conduct arrests and prosecutions, asset seizures and forfeitures, and seizures of physical and documentary evidence; and, with the cooperation of the Afghan government, serve as liaison and mentors to Da Afghanistan Bank’s Financial Transactions and Reports Analysis Center for Afghanistan, and Ministry of Interior police units; and pursue hawalas not in compliance with Afghan law.
- **DOD and the State Department should consider establishing a traditional Security Cooperation Office at the U.S. Embassy in Kabul to provide security assistance to the Afghan government.** Until now, CSTC-A has played an intermediary role in transferring defense articles and related services³ to the ANDSF—but CSTC-A was largely excluded from congressionally mandated security cooperation reforms passed in 2017. Those reforms included mandatory certification training for all security cooperation professionals, and the implementation of a monitoring and evaluation program to improve oversight. Transitioning to a traditional Security Cooperation Office will likely result in improved coordination with the Afghan government and the ANDSF, and allow DOD and State to perform end-use monitoring of protected defense articles, such as night-vision goggles.

² The original ATFC operated in Afghanistan from 2008 to 2014 and was highly successful. The ATFC’s activities and effectiveness were discussed in SIGAR’s lessons learned report, *Corruption in Conflict* (2016).

³ CSTC-A operates under the authority of the Economy Act (31 U.S.C. §535), which permits the transfer of defense articles and related services to other U.S. agencies for the purpose of building a partner nation’s capabilities.

How SIGAR Will Conduct Oversight Following the Withdrawal of U.S. Forces:

SIGAR is currently the only oversight agency with auditors and law enforcement investigators stationed in Afghanistan.⁴ SIGAR is therefore uniquely positioned to continue overseeing U.S. assistance to Afghanistan and has the experience, expertise, and professional relationships necessary to carry it out. In addition, SIGAR has the statutory authority to examine any federal agency using U.S. funds for Afghanistan reconstruction, and to oversee complex whole-of-government efforts not examined by other oversight entities, including counternarcotics, counter threat finance, energy/infrastructure, and Afghan government capacity development. Most significantly with respect to the troop withdrawal, SIGAR knows how to operate “outside the wire” and will continue to do so, as discussed below.

- **SIGAR believes it is essential for purposes of effective oversight to maintain a continuing auditing and law enforcement presence in Kabul.** Maintaining a physical presence in Afghanistan enables SIGAR staff to develop face-to-face relationships with other U.S. agency staff in Afghanistan and to obtain ongoing access to current developments, decision-making, and relevant documents. Similarly, SIGAR staff is able to develop and maintain relationships with Afghan government officials including President Ghani, civil society organizations, and others which have proved invaluable in carrying out our mission. SIGAR has also developed over the years an extensive paid informant network that can only be effectively maintained by frequent in-person contact. Unlike any other U.S. agency, SIGAR’s staff in Afghanistan provide continuity over time, typically residing in country for at least two years. For example, three of the six SIGAR staff currently at Embassy Kabul have over 5 years’ experience in Afghanistan, with one SIGAR staff member serving his eighth year there.
- **SIGAR will expand its use of Integrity Watch Afghanistan (“IWA”), to assist in conducting oversight in insecure areas.** IWA is a highly respected Afghan independent non-governmental organization that works to increase transparency, integrity, and accountability of the Afghan government through research, monitoring, and capacity building to fight corruption and to increase the efficiency and effectiveness of Afghan government programs. In 2015, SIGAR entered into a cooperative agreement with IWA under which SIGAR assisted in training IWA staff in oversight work. SIGAR uses IWA with its staff of inspectors and engineers to assist in conducting on-site inspections and monitoring in areas in which it may not be safe for U.S. personnel to travel. In addition, IWA is often able to obtain information from local Afghans who might be much less candid with Americans. SIGAR continues to review all work by IWA to ensure that it

⁴ With the State Department’s Ordered Departure for the U.S. Embassy in Kabul, issued April 27, 2021, SIGAR now has six auditors and investigators in Kabul. At a meeting called by SIGAR on May 5, 2021 to discuss coordination, SIGAR learned that the State Department IG plans to return three auditors to Afghanistan in the future; neither the USAID IG nor the DOD IG have staff stationed in country.

meets Government Audit Standards. This has enabled SIGAR to retain a unique outside-the-wire, on-the-ground oversight capability that others lack.

- **SIGAR has already developed and has substantial experience using modern techniques for conducting oversight in hostile environments “outside the wire.”** SIGAR has long employed independent accounting firms with offices located in the Middle East and Southwest Asia, as well as Afghanistan, to help conduct financial audits. In addition, early in 2014, when the U.S. began major drawdowns of troops, SIGAR convened a multi-agency, multi-national symposium at the U.S. Institute of Peace to explore best practices for conducting oversight in hostile environments and applying those to Afghanistan.⁵ Following up on these best practices, SIGAR began using geospatial imaging and GPS-enabled mobile phones wielded by local national employees to aid monitoring of development projects in insecure areas.
- **Should DOD establish a CSTC-A-like entity in Qatar, Kuwait, or elsewhere in the region, SIGAR will likely establish a small office in that location.** Co-location helps facilitate program and project development, issue identification, and the exchange of information. Moreover, some issues with responsiveness and access to information are overcome by interpersonal connections and face-to-face interactions.
- **SIGAR will begin security assistance audits at the “point of origin” whenever possible.** This means starting at the beginning of the pipeline of assistance projects and focusing our efforts on those which involve the highest cost or appear to be most at risk of failure. For example, SIGAR proactively audited the procurement of UH-60 Blackhawk helicopters as part of the larger ANDSF modernization plan. SIGAR was able to identify early the Afghan government’s challenge with recruiting and training helicopter pilots at the quantity needed to sustain the fleet. In response, Congress was able to take timely action to reduce the number of UH-60 helicopters the U.S. would provide to match the number of available Afghan pilots, thereby saving \$463 million.
- **SIGAR’s audit work will prioritize enduring funding streams and programs.** These priorities will include:
 - **Direct assistance provided to the Afghan government.** At the request of Special Inspector General Sopko, President Ghani authorized SIGAR to conduct an unprecedented internal controls review and evaluation of Da Afghanistan Breshna Sherkat (“DABS”), Afghanistan’s national power utility. This SIGAR audit is ongoing, examining the broad scope of U.S. investment in Afghanistan’s

⁵ SIGAR and USIP, *Report on an International Symposium on Monitoring and Management in Insecure Environments: Applying Best Practices to Afghanistan* (June 18, 2014).

energy sector since 2009, including efforts to improve electric power generation, transmission, and distribution. No other U.S. oversight entity has ever performed this kind of internal review of an Afghan entity. This could serve as a model for future work to examine Afghan government ministries and other entities receiving U.S. funding.

- **U.S. funding provided to multi-lateral trust funds administered by the World Bank, the United Nations, the Asian Development Bank, or other international organizations for programs and projects in Afghanistan.** A substantial amount of U.S. assistance is currently administered through such trust funds and SIGAR expects this to continue in the future.
- **Whole-of-Government efforts, which SIGAR is uniquely positioned to examine (such as our recent audit examining U.S. Counter Threat Financing in Afghanistan).** SIGAR intends to focus on the following areas: ANDSF development, maintenance, and sustainment; rights of Afghan women and girls; anti-corruption; economic development (including extractives and agricultural programs); education; rule of law; water management and power; and infrastructure.
- **SIGAR will take further steps to reduce the time required to perform audits and evaluations by initiating projects with narrower objectives and smaller scopes.** The goal will be to issue more audits and evaluations of ongoing programs and projects (as opposed to completed programs and projects), thereby providing immediately actionable findings and recommendations.
- **SIGAR is the only U.S. law enforcement agency in Afghanistan investigating criminal activity involving reconstruction funds.**⁶ SIGAR's presence in Afghanistan and a continued emphasis on fostering relationships with both Afghan government agencies and public citizens is critical to SIGAR's mission. SIGAR has developed a degree of credibility and trust with Afghan officials and communities, affording SIGAR's special agents unique access to people, information, and evidence. In addition, SIGAR investigators in Afghanistan routinely obtain official Afghan government records and other information for investigations and send these back to SIGAR investigative analysts and special agents in the United States for action.

⁶ DEA remains engaged with the Afghan government in counternarcotics activities. Other law enforcement agencies, including the FBI, no longer have a presence in Afghanistan.

- **SIGAR’s Investigations Directorate has developed a unique and extensive network of sources and informants.** SIGAR is the only inspector general’s office with an informant network in Afghanistan. A number of major enforcement cases have been initiated as a result of information obtained from this network and we expect this to continue to be a significant source of law enforcement information.
- **SIGAR special agents in Afghanistan will continue to work closely with the Afghan Attorney General’s Office and the Ministry of Interior in conducting investigations.** SIGAR has found that Afghan prosecutions are more achievable when special agents are present to participate in joint efforts with these Afghan agencies. Corruption is rampant at these agencies; criminal actors often threaten prosecutors and Afghan police to prevent investigations and prosecutions. When SIGAR participates, cooperating Afghans have better success in persuading corrupt or weak officials to take action.
- **SIGAR investigators will expand their work with U.S.-based current and former Afghan officials, contractors, businessmen, witnesses, and sources who can provide information and assistance in identifying theft of reconstruction funds.** Numerous Afghan businessmen, contractors and government officials, or ex-officials, at different levels of the Afghan government (including Afghan Parliament and Senate members, special advisors to the President, and ex-ministers) are relocating to the U.S., and many are in the Northern Virginia area. Many of these Afghan expatriates have access to unique, sensitive, “insider” information not readily available from other sources and have knowledge of criminal schemes and activities related to reconstruction funds. They typically appreciate that SIGAR special agents have experience with Afghanistan and an understanding of the risks associated with reporting information. Importantly, they tend to be more willing to work with SIGAR while physically located in the U.S.
- **SIGAR investigators will continue to pursue expatriate Afghans in the U.S. who are currently or were previously involved in criminal activities involving reconstruction funds.** Most recently, as a result of a SIGAR-led investigation, in April 2021 Saed Ismail Amiri, an Afghan-American dual citizen living in California, pleaded guilty for his role in a scheme to defraud the government of Afghanistan of more than \$100 million in U.S.-funded energy sector projects in Afghanistan. SIGAR will continue to pursue prosecutions of such individuals in U.S. venues. It is worth noting that over 90 percent of this successful case was based on witnesses and evidence obtained outside of Afghanistan and demonstrates how the deteriorating security situation there does not prevent successful prosecutions.
- **SIGAR special agents will use their international law enforcement contact network to join efforts with host nation partners to identify criminal activity in other**

countries involving Afghanistan reconstruction funds. Due to Afghanistan's deteriorating security and for other reasons, some corrupt actors have relocated to other countries (e.g., Dubai, UAE, Turkey, India, France, UK, Australia, Germany, Norway, Sweden.) Using various money laundering methods, they move illicit proceeds to these countries. As in the *Amiri* case mentioned above, the deteriorating security situation in Afghanistan will not prevent SIGAR special agents from pursuing these corrupt actors.