Special Inspector General for Afghanistan Reconstruction

# A BROKEN AID SYSTEM:
## DELIVERING U.S. ASSISTANCE TO TALIBAN-CONTROLLED AFGHANISTAN

August 2025

**Cover photo:** A Taliban security officer stands guard as Afghan burqa-clad women wait in queue in the midst of a downpour to receive food supplies donated during the Islamic holy fasting month of Ramadan, in Kabul on March 25, 2025. (AFP photo by Wakil Kohsar)

Special Inspector General
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Between the Taliban taking power in August 2021 and the Department of State canceling most aid to Afghanistan in 2025, donors had provided $10.72 billion in humanitarian and development aid to benefit the Afghan people. Of that, $3.83 billion, or about 36 percent, came from the United States, which was, until recently, Afghanistan's largest donor. Policymakers and members of Congress have raised questions about how much of that U.S. taxpayer-funded aid wound up in the Taliban's hands.

SIGAR has issued five reports that examine the various ways the Taliban have benefited from U.S. assistance:

- *Cash Shipments to Afghanistan: The UN Has Purchased and Transported More than $2.9 Billion to Afghanistan to Implement Humanitarian Assistance* (SIGAR-24-12-IP), January 2024
- *U.S. Funds Benefitting the Taliban-Controlled Government: Implementing Partners Paid at Least $10.9 Million and Were Pressured to Divert Assistance* (SIGAR-24-22-AR), May 2024
- *U.S. Currency Shipments to Afghanistan: UN Shipments Stabilized the Afghan Economy but Benefit the Taliban* (SIGAR-24-32-IP), July 2024
- *Public International Organizations in Afghanistan: State and USAID Agreements with PIOs Need Strengthening to Ensure U.S. Funds are Not Diverted to Terrorist Groups* (SIGAR-25-16-AR), March 2025
- *Memorandums of Understanding (MOUs) with Taliban-Led Ministries: State Department's Implementing Partners' MOUs Have Had Mixed Effect on Assistance Delivery* (SIGAR-25-22-AR), April 2025

This report looks at how the Taliban diverts U.S. aid dollars intended for needy Afghans and the culture of denial within the international aid community, which thwarts effective measures to mitigate that diversion. SIGAR found Taliban interference takes multiple forms—including diverting aid to Taliban-favored groups, using their regulatory power to choose which nongovernmental organizations (NGOs) are permitted to operate, extorting NGO staff, and colluding with senior UN officials to demand kickbacks from UN vendors.

This report would not have been possible without the input of almost 90 people who spoke to SIGAR about the challenges of delivering aid to people living under the Taliban and similar regimes, as well as the pervasive problem of aid diversion. These individuals came from a wide range of backgrounds, including current and former U.S. government officials, UN officials, NGO officials, former Afghan government officials, businessmen, and others.

Due in part to the politically sensitive nature of aid diversion, most of these interviewees wished to remain anonymous. Many of them risked their livelihoods to speak with SIGAR and expose aid diversion, while some Afghans still in Afghanistan risked their lives.

SIGAR owes them all a debt of gratitude for their courage. Unfortunately, SIGAR was told that one source, an employee of an Afghan NGO, was killed for exposing the diversion of food aid to Taliban military training camps. Before becoming a SIGAR source, he had been documenting the delivery of food to one of these camps for another organization and was captured by the Taliban. He escaped and shared his story with SIGAR while on the run. SIGAR was later told—but could not confirm—that the Taliban eventually recaptured and killed him.

U.S. foreign assistance is currently undergoing a significant reevaluation and reform effort. In January 2025, President Donald Trump announced a 90-day pause in foreign assistance, during which the administration reviewed all aid programs to determine whether they would make America "safer," "stronger," and "more prosperous." The State Department announced that it would make limited exceptions for lifesaving programs, which would be allowed to continue during this pause. In February, President Trump issued an executive order announcing a 180-day review of U.S. membership in and funding to all international organizations. In March 2025, the Department of State notified Congress that it intended to "undertake a reorganization that would involve realigning certain USAID functions to the Department," and "discontinuing the remaining USAID functions that do not align with Administration priorities," by July 1, 2025. By April 2025, the United States government had terminated most foreign assistance to Afghanistan.

Should the United States restart aid to Afghanistan, this report provides guidance on how to reduce diversion and improve effectiveness. This report's findings may also be relevant for aid going to any other place where people live under hostile governments, such as Gaza, Sudan, and Houthi-controlled territories of Yemen.

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# EXECUTIVE SUMMARY

Between the Taliban taking power in August 2021 and the Department of State canceling most aid to Afghanistan in 2025, donors had provided $10.72 billion in humanitarian and development aid to the country. Of that, $3.83 billion, or about 36 percent, came from the United States, which was, until recently, the largest donor to Afghanistan.

This report looks at the challenges of providing aid to people in need living under hostile regimes—like the Taliban—that divert aid for their own purposes. It also looks at how perverse incentives in the global system of delivering aid exacerbate the problem. Finally, it looks at how the multiple organizations involved in aid delivery ultimately dilute aid through numerous—and often opaque—layers of bureaucracy, each imposing administrative fees.

Aid diversion is a chronic worldwide problem that enriches and empowers hostile regimes. These regimes can divert aid because nongovernmental organizations (NGOs) are dependent on state consent to do their jobs. Regimes use many different methods to direct aid to their supporters and away from populations they view as enemies. Paradoxically, the same aid that feeds hungry people can also fuel a war economy. NGOs rely on vendors, including transport companies, landlords, and financial institutions that are often owned by parties to the conflict. The longer the war goes on, the longer humanitarian aid flows, the richer these vendors get.

In Afghanistan, SIGAR found that the Taliban use every means at their disposal, including force, to ensure that aid goes where they want it to go, as opposed to where donors intend. The Taliban use their regulatory power to determine which NGOs may operate, and under what conditions; they block and redirect aid to ensure that it benefits Pashtun communities and not Hazara or Tajik communities; and they refuse to allow NGOs to operate unless they hire Taliban-affiliated businesses, NGOs, and individuals. The Taliban may also manipulate exchange rates and rig currency auctions of imported U.S. dollars for profit. They may also collude with senior UN officials to demand kickbacks from UN vendors. A 2023 United States Institute of Peace report found that the Taliban had infiltrated and influenced most UN-managed assistance programs.

Officially, the U.S. government and other donors maintain that none of their money is going to the Taliban. In reality, a combination of funding pressures and public relations concerns encourage organizations to conceal how much of their aid winds up in places it was not intended to go. One implementing partner estimated that after all the layers of taxes, fees, bribery, and extortion, “maybe around 30 to 40 percent” of donor funds actually reached the population. Facing pressure to demonstrate success and avoid scandal, donors provide little to no support to their partners in dealing with diversion; partners are incentivized to downplay or hide instances of diversion to maintain their funding and access to beneficiaries.

Officials at State and the U.S. Agency for International Development (USAID) have also, in the past, denied that diversion occurs. After the Taliban takeover, U.S. officials repeatedly insisted that aid was not being diverted and did not benefit the regime. They made these denials despite a 2021 USAID OIG memorandum documenting three separate investigations into allegations of diversion—two instances of which occurred during the implementation of USAID-funded projects—including payments to the Taliban for safe access to specific regions of the country and interference into procurement and beneficiary selection at a major international NGO. In a 2024 audit, SIGAR found that U.S. implementing partners had paid at least $10.9 million to the Taliban in taxes, fees, duties, and utilities—payments allowable under U.S. law when necessary for the delivery of aid. This was likely a fraction of the true amount because UN agencies receiving U.S. funds did not collect data on, or provide information about, payments made by the NGOs and other partners they funded.

SIGAR found that the global system of delivering aid to people living under hostile regimes, like the Taliban, is broken. The system is costly and overly complex, involving multiple onion-like layers of UN agencies, NGOs, and subcontractors. Because aid often flows through many different organizations before reaching beneficiaries, administrative costs may in some cases constitute more than half of the budget of an aid program. Each layer drives up costs, reducing the benefit to intended recipients like the Afghan people. Each layer also creates new opportunities for malign actors to divert aid or otherwise engage in corruption. The multitude of layers reduces overall transparency and makes it difficult for aid to be adjusted or modified in response to changing needs or conditions.

Finally, in the course of researching this report, SIGAR repeatedly encountered allegations that UN officials demand bribes in exchange for issuing contracts to companies and NGOs. Most of the allegations SIGAR heard involved employees of the World Food Programme, which has been the largest single recipient of both U.S. and overall aid to Afghanistan since the Taliban takeover. However, SIGAR also heard similar allegations about staff working for eight other UN agencies. Interviewees told SIGAR that:

- UN officials demand bribes from companies and NGOs seeking contracts from their agencies. The bribes are calculated as a percentage of the contract at stake, with estimates varying between 5 and 50 percent.
- UN staff handpick winning contractors before the official bidding process begins.
- UN staff condition their award decisions on demands that contractors hire family members as subcontractors and their preferred individuals as staff. Several interviewees told SIGAR that UN staff steer business to local NGOs in which they have ownership stakes.
- Taliban officials collude with UN officials to extort bribes from UN contractors and then split the profit.
- Major UN contractors provide “direct support to the Taliban in terms of cash, food, and even logistical support.”
- Taliban officials use their influence over NGOs to direct funding to parts of the country where their supporters live.
- UN agencies pay the Taliban to provide security—a practice the UN has defended

as necessary to protect its employees. But paying the Taliban for security is controversial among some UN agencies and the broader aid community. According to SIGAR's sources, certain UN agencies were quick to agree to the Taliban's demands that they pay for armed escorts, while others were opposed. One NGO official criticized the UN payments as "formalized bribery," and alleged that the UN's acquiescence put pressure on NGOs to follow suit.

The U.S. government passes substantial amounts of aid to people living under hostile regimes through the UN. The extent of U.S. government reliance on the UN may have unintended consequences, including limiting visibility of how funds are ultimately used and increasing risk that it benefits hostile regimes.

Finally, humanitarian aid—which is intended to allow for a rapid, life-saving response to emergencies—is subject to fewer laws and regulations than development aid—which is intended to build enduring systems and structures over a longer period. Given the magnitude of humanitarian aid flowing through the UN in places like Afghanistan, an important consequence is that the United States often has the least oversight in the places where it needs it the most.

U.S. foreign assistance is currently undergoing a significant reevaluation and reform effort. Should the United States restart aid to Afghanistan, this report provides guidance on how to reduce diversion and improve its effectiveness. Its findings may also be relevant for aid going to other places where people live under hostile regimes, such as Gaza, Sudan, and Houthi-controlled territories of Yemen.

## RECOMMENDATIONS

1. To ensure that aid benefits both taxpayers and beneficiaries and is not wasted by the UN, the Secretary of State should ensure that U.S. agencies administered by the Secretary—namely the Department of State, USAID, or former USAID entities—involved with providing, administering, or auditing the aid have full access to UN performance and financial reporting and the right to conduct unrestricted and unannounced site visits and/or utilize third-party monitors for U.S.-funded projects. This should apply to all types of aid including emergency and humanitarian aid provided in response to a disaster or other crisis.
2. As shown in this report, aid passes through numerous UN agencies and NGOs that each deduct administrative costs before it reaches beneficiaries. Therefore, the Secretary of State should limit the number of organizations that aid passes through before reaching beneficiaries. This may require regulatory, oversight, funding cycle, procurement, and staffing reforms.
3. As part of the ongoing reorganization of the Department of State and reform of foreign assistance, the Secretary of State should ensure that Department staff administering aid receive training in risk management and the mitigation of aid diversion—two critical functions for which State is ultimately responsible.

## AGENCY COMMENTS

SIGAR sent a draft of this report to the Department of State and the U.S. Agency for International Development, both of which provided technical comments that SIGAR incorporated as appropriate.

State's Bureau of South and Central Asian Affairs provided formal comments, reproduced in Appendix II. In those comments, State concurred with Recommendation 2, "generally" concurred with recommendations 1 and 3, and noted that it would examine the applicability of SIGAR's recommendations to environments other than Afghanistan. State also suggested language modifications that would bring about its full concurrence with recommendations 1 and 3.

SIGAR accommodated the changes suggested by State in all but one instance. State's preferred language for Recommendation 3 reflected the view that ensuring adequate monitoring and risk management of U.S.-funded projects was a responsibility shared between State and implementing organizations. Although SIGAR agrees that both State and its implementers bear responsibility for mitigating diversion risk, it disagrees that responsibility should be fully "shared." Accordingly, the final version of Recommendation 3 above reflects SIGAR's view that State is ultimately responsible for the efficacy of its assistance programs and for preventing diversion.


سر مفتش ویژه برای بازسازی افغانستان
E PLURIBUS UNUM
افغانستان د بیا رغاونې لپاره د ځانګړي ستر مفتش اداره

CHAPTER 1

# INTRODUCTION

Internally displaced Afghan women line up to receive food relief aid from the World Food Programme in Kabul on January 13, 2015. (AFP photo by Shah Marai)

Between the Taliban's seizure of power in August 2021 and the U.S. government's suspension of all aid to Afghanistan in 2025, donors provided $10.72 billion in aid. Of that, $3.83 billion, or about 36 percent, came from the United States, which was, until recently, the largest donor to the Afghan people.[1] U.S. government officials and members of Congress have raised questions about how much of that U.S. taxpayer-funded aid has wound up in the Taliban's hands.

Under the prior, U.S.-supported government, Afghan elites pocketed hundreds of millions of foreign aid dollars—mostly from the United States—by steering contracts to their own companies, creating jobs for friends and relatives, failing to do the work they were paid for, or simply stealing.[2] Incidents of diversion have been heavily documented in multiple SIGAR reports, the media, and other publications.[3] While aid diversion was a serious problem under the previous Afghan government, it is even more problematic when these funds wind up in the coffers of a hostile regime, like the Taliban.

Aid diversion affects more than just U.S. assistance to Afghanistan—it is a worldwide problem. In recent years, donors have sent a greater portion of their aid to people living in places controlled by hostile regimes, where extreme poverty is increasingly concentrated.[4] The World Bank has predicted that by 2030, one-third of all humanitarian aid would go to such places.[5]

Aid to Afghanistan and other places ruled by hostile regimes is not purely altruistic.[6] The United States and other donors use foreign aid to try to curb the flow of refugees that might otherwise land on their borders.[7] The world is in the midst of the worst displacement crisis ever recorded.[8] Countries controlled by hostile regimes, like the Taliban, or regimes that the United States has sanctioned produce an outsized share of global refugees. In 2024, of the five countries that produced the most refugees, four could be characterized this way: Syria, Afghanistan, South Sudan, and Myanmar.[9] This has long-term implications, as once refugees have fled their country, they generally remain displaced for decades.[10]

Congress and the U.S. Agency for International Development's Office of Inspector General (USAID OIG) have expressed concern about the risk of aid diversion in Afghanistan and similar contexts.[11] USAID OIG issued an alert in September 2021, less than a month after the Taliban takeover, warning that Taliban interference posed significant challenges to aid delivery. The letter documented instances in which the regime allegedly diverted U.S. aid during the implementation of two USAID-funded projects.[12] In a January 2022 joint letter, the chairmen and ranking members of the Senate Foreign Relations Committee and the House Foreign Affairs Committee expressed similar concerns about U.S. aid to Syria under the Assad regime.[13]

## THE COMPLEXITY OF GLOBAL AID DISTRIBUTION CREATES OVERSIGHT CHALLENGES AND INCREASES COSTS

When the U.S. and other donors are trying to deliver aid to people living under hostile regimes like the Taliban, they tend to send their aid through a long and complex chain of onion-like layers of contractors and sub-contractors.[14] Aid money is often first sent to a UN agency or other multilateral organization—such as the World Bank—which then awards funding to an international NGO—such as Save the Children or CARE. These international NGOs usually subcontract to local NGOs, which actually deliver the aid to beneficiaries. (Between the Taliban takeover and the State Department's 2025 termination of almost all aid to Afghanistan, 64 percent of U.S. aid to Afghanistan has flowed first through multinational organizations.)[15] Most of the rest of U.S. foreign assistance has historically flowed through big international NGOs before being provided to smaller local NGOs.[16]

Aid money sometimes goes through several multilateral organizations before it even makes it to an NGO. For example, sometimes aid money goes first to the World Bank, which then routes it to the UN; sometimes it gets routed through multiple UN agencies before it is sent to an international NGO.[17] For example, as of 2023, the Afghanistan Humanitarian Fund, administered by the UN's Office for the Coordination of Humanitarian Affairs (OCHA), awarded almost two-thirds of its funding not directly to NGOs but to *other* UN agencies first.[18] In some cases, the UN agency administering the collective funds of several donor countries awards money to itself.[19]

Each time that money passes through a UN agency, the agency collects a percentage to cover its management and administrative costs, even when it is simply acting as a pass-through for routing the funds elsewhere.[20] A 2025 SIGAR audit of multilateral organizations in Afghanistan found that overhead costs ranged from 6.5 percent for the World Food Programme (WFP) to 14 percent for the Colombo Plan.[21] This may be an undercount. A 2019 study conducted by the previous Afghan government's Ministry of Finance found that from 2016 to 2018, UN overhead costs averaged 23 percent.[22] Because aid often flows through many different organizations before reaching beneficiaries, the administrative costs charged by multilateral organizations are often just one of several overhead charges applied to the budget of a single program.

According to a 2024 Congressional Research Service (CRS) report, administrative costs may constitute as much as half or more of the total cost of an aid program.[23] The report cited a 2021 estimate by a group of development experts that administrative costs and company profits may total 50 percent for some of the U.S. government's implementing partners.[24] A study of global health programs by the University of Washington found that international NGOs apply overhead costs of 15 to 30 percent of their total budget to cover the cost of rent and general administrative staff. The same report found that another 15 to 30 percent goes to paying the salaries of the headquarters staff assigned to each specific project. These staff provide the technical oversight necessary to meet donor demands for "extensive and stringent programmatic and financial reporting." The researcher concluded, therefore, that more than half of international NGO funding disappears before it even leaves headquarters.[25]

The U.S. government often passes its funding through UN agencies and/or international NGOs because those organizations are better equipped to comply with the myriad and onerous U.S. regulations governing foreign assistance. According to former USAID Afghanistan Mission Director Patrick Fine, U.S. congressional and regulatory requirements have necessitated the creation of purpose-built implementing partners who specialize in fulfilling complex compliance and reporting requirements.[26] According to an aid expert writing for the Brookings Institution, local NGOs specialize in providing technical services, but are not capable of meeting "safety and environmental standards, terrorist and money laundering reporting requirements, reimbursement for rejected or questioned costs, and other U.S. and local rules and regulations."[27]

In an attempt to address concerns about high overhead costs, former USAID Administrator Samantha Power pledged in 2021 that by 2025 a quarter of all USAID funding would go directly to local partner organizations.[28] She was not the first USAID administrator to set such a goal, which dates back at least to the Clinton administration's endorsement of the Millenium Development Goals.[29] Former administrator Rajiv Shah set a goal of 30 percent during the Obama administration, and the same push was a core goal of former administrator Mark Green's Journey to Self-Reliance under the first Trump administration.[30] But although there has been a slight increase, the percentage of USAID money going directly to local partners remained at just 10 percent, as of January 2025.[31]

Calculating how much overall aid actually reaches people in need is very complex, in part because the UN is resistant to financial transparency. Other factors include which implementing partner is involved, how many layers of bureaucracy have handled the money, and whether the aid is going to a country that is friendly or hostile to the United States.[32]

In Afghanistan, foreign aid has long flowed through layers of bureaucracy, creating a variety of problems. As early as 2007, a United Kingdom-based think tank expressed concern that the number of middlemen created situations that offered "many opportunities for corruption."[33] In 2012, a group of Norwegian academics wrote that "the use of subcontractors as humanitarian actors subcontracting to a subcontractor, who in turn subcontracts to another subcontractor and so forth," reduces transparency and donor control over aid programming.[34]

The local NGOs that implement aid programs often receive the federally mandated minimum reimbursement for administrative costs of ten percent (often significantly lower than reimbursements received by their international counterparts). This is often insufficient to cover their full operating expenses. According to former USAID Kabul Mission Director Patrick Fine, the inability of local NGOs to fully recover their costs also means that they lack sufficient funding to "build and operate effective risk management systems." He argues that this insufficient reimbursement results in less capacity at local NGOs than their international partners, making overseeing them much more labor intensive for U.S. officials and, thus, creating a massive disincentive to provide funding directly to them.[35]

The U.S. government's inadequate reimbursement of administrative costs incurred by local organizations creates intense pressure to obtain sufficient funding to sustain their organizations. It also incentivizes local NGOs to allow the Taliban to interfere with their work in exchange for permission to continue implementing programs.[36] According to a study by the Centre on Armed Groups, an international research institution, long chains of subcontractors result in increased risk of diversion and corruption and deprive local NGOs of the decision-making power necessary to do their jobs effectively.[37]

Some experts on aid delivery under hostile regimes have called for a more collective approach to fighting diversion from the donor and aid communities.[38] One called for donors to "engage with the nitty gritty of what is going on."[39] However, at the moment, donors are rarely involved in supporting their partners to resist regime pressure for interference and diversion. Instead, by placing pressure on their partners to reach more beneficiaries in more places faster and rewarding those who do so with career advancement, more funding, and more contracts, donors incentivize them to agree to regimes' diversionary demands in order to get permission to implement programs.[40] This environment discourages collective action in which NGOs band together to push back against regime demands. In this way, it allows the Taliban to play various UN agencies and NGOs against each other.[41]

The difficulty of tracking money through this intricate multitiered system is compounded by donors' reluctance to acknowledge that aid diversion even exists. Even when the recipient nation is friendly to the United States, any admission that some aid was diverted could lead to funding cuts. Acknowledging that a hostile regime might be siphoning off aid could lead to reduced funding for aid organizations or even their closure.[42]

It is also important to note that donors do not give aid for purely altruistic reasons. Aid is also a foreign policy tool which can create economic and security benefits domestically, such as reducing the flow of refugees and helping to maintain regional stability. A complete aid cutoff could result in the collapse of the Taliban regime, but that would come with other risks: a return to violence and chaos, more refugees, and an increased risk of terrorist attacks from groups like the Islamic State-Khorasan, which the Taliban have been fighting.[43] As an Afghanistan expert said, aside from jihadist groups in the region "no one benefits from a failed state and regional instability."[44]

## AMBIGUITY ABOUT WHAT CONSTITUTES AID DIVERSION CREATES UNCERTAINTY AMONG U.S. AND INTERNATIONAL PARTNERS

What constitutes aid diversion often depends on one's point of view: what donors may regard as extortion the Taliban might call "collecting taxes." It is important to have a rough definition of diversion and to distinguish different types, because some forms are more problematic for donors than others. Different forms call for different policy responses.

The European Union's definition of aid diversion is straightforward: "Aid taken, stolen, or damaged by any governmental or local authority, armed group, or any other similar actor. Such act is to be considered diverted aid even if the aid is redistributed to other people in need other than the intended beneficiary group."[45] It is unclear whether State, USAID, or the UN have formal definitions of their own, although in response to SIGAR inquiries in 2023, USAID's Bureau for Humanitarian Assistance gave SIGAR two different, but roughly similar, definitions on different occasions. The first was "the act of using for one's own gain funds, food, commodities, or services intended for those targeted to receive such assistance."[46] The second was "a type of fraud when it refers to the act of using, for personal gain, items/food/funds intended for a federal program."[47]

The line between diversion and governance can be blurry; what one person might call extortion may seem to the regime like governance. United Nations policy requires that aid be provided with the consent of the recipient country and with respect for its sovereignty.[48] This requirement is problematic under hostile regimes, which are often subject to U.S. and international sanctions. Organizations that have to obtain permission to work from regime officials fear angering their donors or even facing criminal charges if they have contact with sanctioned individuals.[49]

Aid workers and regime officials often have opposing perspectives on the regime's role. Aid workers "tend to view any and all of the administrative measures applied to them (for example, travel permits or reporting requirements) as 'authoritarian,' and a

sign of suspicion or even hostility by the state," according to two humanitarian access experts with Doctors Without Borders. In contrast, they noted, "Government officials… [tend] to view such measures as simply doing their assigned job; in their view, these practices are not about the state avoiding accountability but about the state ensuring the accountability of NGOs to them."[50]

Some Taliban officials are carryovers from the previous internationally-backed and U.S.-supported government and thus were accustomed to being consulted on the design and implementation of aid projects. They object when NGOs present their plans as a *fait accompli* and expect the Taliban to sign off. In 2023, the Afghanistan Analysts Network wrote that the level of distrust between NGOs and the regime had increased so much under the Taliban that it had "fundamentally changed" their relationship.[51]

According to a former UN official, the fact that hostile regimes do not have a seat at the table when donors make decisions about what kind of aid to give and where to send it incentivizes them to divert it. In countries recognized by aid donors, the government has a formal role in determining where resources are delivered, and donors sometimes sign agreements with host governments and design their programs around domestic priorities. In Afghanistan, said the same former official, "We refuse to consult the Taliban, so they divert aid because they want something out of it."[52] One donor official said, "We talk about Taliban interference a lot, [but] if it was coming from a recognized state, we wouldn't be so edgy about it."[53]

The Taliban have always been suspicious of foreign aid, which has often been politicized, short-sighted, and prone to corruption.[54] They also resent the post-August 2021 shift from long-term development to short-term humanitarian aid, which they view—as did a 2023 UN independent assessment—as unsustainable and encouraging dependence.[55] Then there is the fact that under the internationally supported Afghan government, aid was a key part of the counterinsurgency strategy of "winning hearts and minds." The theory was that providing the population with jobs, services, and resources would create support for the government and opposition to the insurgent Taliban.[56] The 2006 U.S. Army and Marine Corps Counterinsurgency Field Manual that codified this approach proclaimed that "there is no such thing as impartial humanitarian assistance."[57] As one provincial Taliban official told the Afghanistan Analysts Network, "They killed us with bombs and bullets when they had power and access, but now when they can't hit us anymore, they come and want to rescue us from hunger?"[58]

Not surprisingly, the Taliban today grapple with how to accept—and control—aid that, until relatively recently, was delivered with the explicit intent of undermining their rule. According to the United States Institute of Peace, the Taliban are more likely to tolerate aid when they "can claim a degree of credit for providing benefits to communities and closely monitor the organizations providing those benefits."[59]

As SIGAR found in the report *Why the Afghan Government Collapsed*, the United States empowered a government that, over a 20-year period, was increasingly abusive,

violent, and corrupt, and which many Afghans saw as illegitimate by the time it collapsed.[60] Several interviewees told SIGAR that aid diversion under the Taliban is just a continuation of how things worked under the previous government.[61]

## STATE AND USAID OFFICIALS HAVE, IN THE PAST, DENIED THAT DIVERSION OCCURS

Since the Taliban takeover, U.S. officials have, at times, insisted that aid is not being diverted to the Taliban and does not benefit their regime. Under the Biden administration, in response to a formal SIGAR inquiry, a State official asserted that the department was "not aware of any instances of individual Taliban members or the Taliban as an organization siphoning funds from humanitarian programs."[62] At a 2022 event at the Center for Strategic and International Studies, then State Department Special Representative and Deputy Assistant Secretary for Afghanistan Thomas West said that he was not aware of a "major problem of misuse or diversion of humanitarian funds."[63] In a January 2023 press briefing, another State official emphasized that the agency had "gone to great lengths to continue being the world's leading humanitarian provider to the people of Afghanistan in a way that doesn't flow through the coffers of the Taliban."[64]

During a House Foreign Affairs Committee hearing in May 2021, then USAID Administrator Samantha Power said that the agency had received no reports of aid being distributed to Taliban-linked groups and expressed confidence in USAID's ability to detect it.[65] This statement came six months after the agency's Office of Inspector General issued a memo documenting three separate investigations into allegations of diversion, including payments to the Taliban for safe access to specific regions of the country and interference into procurement and beneficiary selection processes at "major international NGOs."[66] USAID officials, responding to formal inquiries from SIGAR, stated twice in 2023 that the agency was "not aware of any diversion of assistance."[67]

In the past, to the extent that the U.S. government and its implementing partners have admitted that there was Taliban interference, it was often framed as "pressure" that partners had successfully resisted, or as suspicion that *other* NGOs were complying with Taliban demands.[68] In 2023, a State spokesperson told the press that the WFP had suspended its distributions in Ghor Province because of "attempted" aid diversion.[69]

Despite these denials, in a May 2024 audit of U.S. funds benefiting the Taliban, SIGAR found that U.S. partners had paid at least $10.9 million to the Taliban in taxes, fees, duties, and utilities. (These are permissible under U.S. law and UN regulations when necessary for the delivery of aid.) This was likely only a fraction of the true amount, because UN agencies receiving U.S. funds did not collect data on or provide information about payments made by the NGOs and other partners they funded. The audit found that implementing partners faced direct pressure from the Taliban to include them in program design and approval processes; to allow them to use their vehicles and offices; to hire specific individuals; and to divert food and other aid to populations chosen by the Taliban.[70]

## AID DIVERSION ENRICHES AND EMPOWERS HOSTILE REGIMES

Hostile regimes are able to divert aid because aid workers are "entirely dependent on state consent if they are to do their jobs," according to two veteran Doctors Without Borders staff with decades of experience negotiating humanitarian access in hostile regimes. "In hundreds of different, daily ways, humanitarians need the cooperation of government officials—for customs clearance, tax matters, travel permissions, visas, work permits, registration, international bank transfers, and so on."[71] Regimes use these tools to direct aid to their supporters and away from populations they view as enemies.[72]

Paradoxically, the same aid that feeds hungry people can also fuel a war economy. NGOs rely on vendors, including transport companies, landlords, and financial institutions that are often owned by parties to the conflict.[73] The longer the war goes on, the longer humanitarian aid flows, the richer these vendors get. In Yemen, the Middle East Research and Information Project (MERIP) found that humanitarian assistance "enrich[ed] an entrenched militant elite who monopolize the distribution of aid and use food and supplies as political capital."[74] The richer they get, the greater their incentive to spoil peace processes. According to MERIP, "the distribution of aid removes incentives for peace initiatives and prolongs the very crisis that the humanitarian organizations seek to alleviate."[75]

In hostile contexts, humanitarian assistance often constitutes one of the country's largest economic sectors and becomes a key resource over which parties to the conflict compete.[76] If it lasts long enough, conflict also devastates the regular economy, engendering more aid dependence. In the 1970s, according to UN research, Yemen imported only 18 percent of its cereals. Today, after decades of conflict, it imports 90 percent. Food aid, a short-term solution provided over the long-term has played a significant role in destroying the agricultural economy of Yemen and creating dependency.[77]

## THE TALIBAN ARE SKEPTICAL OF AID THEY PERCEIVE AS COUNTER TO THEIR VALUES, EXPERTS SAY

Afghanistan experts say that, because the Taliban derive legitimacy from protecting their version of Islamic values, they are antagonistic toward forms of aid that they feel violate them. This is especially true for anything they see as promoting secular Western culture.[78] According to a report by the Afghanistan Analysts Network, education is an especially contentious topic. The report says that some members of the Taliban viewed NGO efforts to convince community members to send girls to school as "brainwashing."[79]

The Taliban have exerted significant influence over the public education system for more than a decade. Under the previous government, they had a role in the selection and supervision of teachers. In 2013, the Taliban succeeded in getting the previous government's Ministry of Education to make changes to the national curriculum, including increasing the amount of class time spent on religion, in exchange for the Taliban's agreement to stop attacking schools.[80]

Similarly, the Taliban subject women-led NGOs to more scrutiny than their men-led counterparts, since their leadership challenges the Taliban's beliefs about women's role in society.[81] In response to a formal inquiry by SIGAR, a USAID official wrote that the Taliban have refused to register women-led NGOs, prevented them from opening bank accounts, refused to authorize women-focused projects, demanded that women on boards of directors be replaced with men, and threatened to close organizations that failed to comply with their policies.[82] In 2023, even the UN Deputy Secretary General and the Executive Director of UN Women, both women, were told that they should not be on public site visits without male chaperones—specifically, a husband, father, or brother.[83] An NGO official explained to SIGAR that, because male staff are barred from interacting with women in Afghanistan, NGOs must deliver aid to men in the hopes that they will share it with their female relatives.[84]

According to multiple Afghanistan experts, the Taliban cannot bow to international pressure regarding the rights of women and girls because these positions have been essential to the group's identity since its inception and are a major source of their legitimacy.[85] These policies also reflect the values and practices of many rural Afghan communities.[86] One NGO official told SIGAR that if the Taliban were to compromise their "moral authority" on gender issues, they would risk opposition from their most important constituency—their fighters—and could lose them to recruitment by more extreme groups.[87]

According to a U.S. Institute of Peace report, the healthcare sector is less controversial, because the Taliban see that healthcare benefits their fighters and their communities. The more tangible the work of an NGO, the less resistance it tends to face from the Taliban. The report explained that the Taliban are willing "to accept foreign-funded … goods and services as long as they are delivered in a suitable low-profile, apolitical fashion, and with tangible immediate benefits."[88] However, they are skeptical of "soft" programming focused on subjects like human rights, public awareness, and mental health.[89]


Top UN officials in Afghanistan Roza Otunbayeva and Daniel Endres at the Herat Regional Hospital visiting victims of the deadly 6.3 magnitude earthquake that struck western Afghanistan on October 7, 2023. (UN photo by Sampa Kangwa-Wilkie)

## AFGHANISTAN REMAINS ONE OF THE WORLD'S POOREST COUNTRIES

Even though levels of aid to Afghanistan fell precipitously after the Taliban takeover, until recently, the country was one of the largest aid recipients in the world.[90] In 2022, the latest year for which data is available, Afghanistan was the seventh-largest recipient of overall aid.[91] It was also the sixth-largest recipient of aid from the United States in 2023, falling to number nine in 2024, and, as of July 2024, the second-largest recipient from the United Kingdom.[92] Before the Taliban takeover, donors funded about 75 percent of government spending. When that funding abruptly stopped, the Afghan banking system nearly shut down, and around 90 percent of health clinics were at risk of closing.[93] In the months following the Taliban takeover, only the continuation of donor support prevented the total collapse of the healthcare system.[94]

Today, Afghanistan remains one of the poorest and least developed countries in the world.[95] As of the summer of 2024, the UN reported that 9 out of 10 households struggle to adequately feed themselves.[96] Even before the U.S. cut all aid to the Afghan people in 2025, aid reductions by a number of other countries were threatening the country's fragile "famine equilibrium," a state of affairs in which most people barely have enough food to subsist and substantial foreign aid is needed to prevent actual famine.[97] According to the UN's Office for the Coordination of Humanitarian Affairs, the United States' humanitarian support to Afghanistan has been "instrumental in strengthening emergency responses during critical moments… while also playing a pivotal role in averting famine."[98]

In April 2025, State Department spokesperson Tammy Bruce confirmed that emergency food assistance programs in Afghanistan, which had previously received waivers permitting them to continue operating on the grounds that they were "life-saving," had been terminated "to mitigate Taliban interference." At the same time, the State Department terminated other awards that provided cash-based assistance "given concerns about misuse and a lack of appropriate accountability."[99]

Belgium, France, Germany, the Netherlands, Sweden, Switzerland, and the United Kingdom have also announced plans to reduce foreign assistance. In February 2025, the UK said it would reduce foreign aid by 50 percent to divert resources to defense, and France has said it will cut 40 percent of its aid budget. Germany previously announced its intent to reduce aid by $2 billion due to its contracting economy. In March 2025, the Norwegian Refugee Council (NRC), a major international NGO with decades of experience working in Afghanistan, said, "This is the most challenging situation that NRC has faced in 22 years" in the country.[100]

OCHA has reported that, without U.S. funding, only those Afghans with the most critical needs will receive assistance in 2025. The WFP said on social media that award terminations "could amount to a death sentence for millions of people facing extreme hunger and starvation." OCHA also predicts that if additional funds are not raised, up to seven million Afghans may lose access to critical healthcare in 2025. OCHA also expects a significant reduction in primary healthcare coverage, limited response capacity for

disease outbreaks, limited malnutrition treatment, a reduction in emergency medical support, and increased morbidity and mortality rates due to insufficient access to life-saving interventions. The strain on remaining health care facilities, they said, could also lead to service collapse in areas with high needs.[101] Further economic contraction will hurt women and girls the most, as they often suffer the most from hunger.[102]

But simply continuing humanitarian aid may not be the answer. A November 2023 independent assessment of the situation in Afghanistan, commissioned by the UN Security Council, criticized donors' overreliance on unsustainable short-term humanitarian aid, and found that there would be "dire consequences for the Afghan people and the entire region" if donors continued their current approach.[103] The UN report called for donors to increase longer-term development assistance, including increasing funding for the provision of basic services such as health care and investing in the country's long-term economic recovery.[104] The report also called for greater willingness by donors to support the UN's provision of technical assistance to the Taliban regime in certain areas—for example, in creating greater transparency around how the Taliban collects and spends revenue. These pleas have been echoed by experts at the U.S. Institute of Peace, the United Kingdom's Independent Commission for Aid Impact, and the Center for Strategic and International Studies, among others.[105]


CHAPTER 2

# THE TALIBAN USE A VARIETY OF METHODS TO DIVERT AID

A Taliban guard stands over sacks of food aid donated by the Indian government in Kabul on May 18, 2025. (AFP photo by Wakil Kohsar)

The Taliban use every means at their disposal, including force, to ensure that aid goes where they want it to go, as opposed to where donors intend. Under the previous internationally backed government, aid programs were concentrated primarily in urban government-controlled areas and were politicized as a key element of counter-insurgency strategy.[106] Now, the reverse is happening: rural areas that were Taliban-controlled under the previous government are accessible, and the Taliban are pressuring NGOs to concentrate aid disproportionately in these places.[107] In the short term, the Taliban are attempting to address a perceived imbalance by directing aid to parts of the country that had been neglected and where their supporters live.[108] Their methods include physically interfering in aid delivery, which can be as simple as setting up a few roadblocks. Local officials interfere to choose which regions, groups, and families receive aid.[109] According to a 2023 report by the U.S. Institute of Peace, the Taliban "increasingly regard [aid] as just another . . . revenue stream," one which their movement will seek to monopolize and centralize control over.[110]

The Taliban also use their regulatory power to authorize which NGOs may operate, and under what conditions; they block and redirect aid to ensure that food goes to Pashtun communities and not to Hazara or Tajik communities; they refuse to allow NGOs to operate unless they hire Taliban-affiliated businesses, hire Taliban-affiliated individuals, or partner with Taliban-owned NGOs. NGOs that refuse their demands risk having their registrations revoked, losing permission to implement their programs and having their

bank accounts frozen.[111] The Taliban use their regulatory power to control program implementation, and use the negotiations required by this regulatory process as an opportunity to demand kickbacks and other payments.[112] They pressure the UN and NGOs to fire Hazara employees, issue contracts to Taliban-affiliated companies, partner with Taliban-affiliated NGOs, and infiltrate aid organizations to facilitate aid diversion and censor reporting about it.[113]

The Taliban's regulatory power is enforced by an extensive security apparatus. They use their intelligence service to divert humanitarian aid to their own military forces, prevent NGOs from reporting instances of aid diversion, and detain or beat NGO workers who do not cooperate.[114] In some cases, UN agencies pay the Taliban for security, even though other UN agencies and experts oppose the practice. More specifically, they pay Badri 313, a unit of the Interior Ministry, which is led by Sirajuddin Haqqani, who was until recently sanctioned by the United States and the UN for his involvement in terrorism.[115] The FBI had offered a $10 million reward for information leading to his arrest.[116]

The Taliban believe that they, like most governments, have the responsibility to direct where aid goes and hold aid organizations accountable.[117] But the Taliban regime is not like most other governments: it took power by force and it responds to defiance by Afghans on the front lines of aid delivery with violent and punitive measures.[118] According to the Aid Worker Security Database, in 2024 almost 400 aid workers were killed in Afghanistan, more than 100 were kidnapped, and more than 200 were injured.[119] According to the UN's Office for the Coordination of Humanitarian Affairs, of the 127 humanitarian incidents it recorded in January 2025, the Taliban were responsible for eighty three percent. (OCHA tracks a wide variety of incidents ranging from interference with staff recruitment to the arrest of and violence against staff.)[120]

The Taliban appear to be getting better at diverting aid as they consolidate power.[121] By 2022, senior World Food Programme officials informed State that interference into aid delivery had worsened significantly. In April of that year, senior WFP officials described recent interference as having been "condoned by the central authorities," as opposed to earlier interference that had "seemed localized and not endorsed by officials in Kabul."[122] The following August, a senior UN humanitarian official told State that "Taliban interference into relief operations had steadily increased in recent months."[123]

The Taliban and individuals associated with them may also use more sophisticated methods for profiting from humanitarian aid, such as manipulating the value of Afghanistan's currency when aid funding, in the form of U.S. dollars, passes through the central bank (see Chapter 3).[124] Finally, the very presence of foreign aid for social services such as health care enables the Taliban to shift more of their budget to the security sector.[125]

## THE TALIBAN PROFIT FROM UN CORRUPTION, ACCORDING TO INTERVIEWEES

In the process of conducting interviews for this report, SIGAR repeatedly encountered allegations that UN officials demand bribes in order to issue contracts to companies and NGOs.[126] Due to a lack of access since the Taliban takeover, SIGAR could not confirm these allegations, but they fit the picture of a "pay to play" culture outlined in a February 2023 report by a nonprofit providing independent humanitarian analysis, which found that the Afghan NGOs they surveyed said that "requests for bribes or a percentage of a contract to secure funding" were one of their biggest challenges.[127]

Ten individuals, who SIGAR interviewed independently, explained how senior UN staff in Afghanistan, including expatriates, conspired to personally profit from the influx of aid. These interviewees did not know each other, held a variety of roles, and offered very different perspectives. Reflecting the threat they live under, nearly everyone interviewed about this topic asked to remain anonymous. They included one current and one former UN official, a former senior Afghan government official, a businessman, an Afghan civil society activist, and staff of companies and NGOs with UN contracts.[128] For example, an NGO director said, "For 70 percent of [UN] contracts, you have to pay some money."[129]

Most of the allegations SIGAR heard involved employees of the WFP, which has been the largest single recipient of both U.S. and overall aid to Afghanistan since the Taliban takeover. (WFP has received about a third of all U.S. aid to Afghanistan since the Taliban takeover.)[130] However, SIGAR heard similar allegations about staff working for eight other UN agencies.[131]

Interviewees told SIGAR that UN officials demand bribes from companies and NGOs seeking contracts from their agencies. They said that these are calculated as a percentage of the contract at stake, with estimates varying between 5 and 50 percent.[132] A former senior Afghan government official explained that the size of the contract determines whether senior UN staff get involved; for smaller contracts, more junior UN staff collect bribes.[133]

According to the same former official, UN staff handpick winning contractors before the official bidding process begins.[134] An NGO director told SIGAR that, after attending a pre-bidding meeting organized by a UN agency, UN staff demanded bribes. When his organization refused to pay, the staff disqualified the company during the bidding process. He described watching in despair as his competitors, who he says are paying bribes, have taken more and more market share from his NGO.[135] He clarified that when a company or NGO refuses to pay kickbacks to UN staff, UN agencies refuse to pay them for their work. When this creates cash flow problems and impedes their ability to perform, they are fired for "non-performance." He explained further that UN officials rig bids in favor of specific vendors by notifying them in advance of their competitors about new procurement announcements, giving them inside information about the secret criteria against which bids will be evaluated, and making requirements intentionally vague so they can arbitrarily select the firms paying kickbacks.[136]

UN staff also allegedly condition their award decisions on demands that contractors hire family members as subcontractors and their preferred individuals as staff.[137] Several interviewees told SIGAR that UN staff steer business to local NGOs in which they have ownership stakes.[138] To make contracting decisions, UN agencies rely on selection committees comprising staffers from a number of different departments, including finance, procurement, and program. SIGAR's sources said that these staff collude to extract bribes from the companies bidding.[139]

An NGO director suspected that financial discrepancies were linked to WFP's collusion with the contractor and the Taliban, while a businessman told SIGAR that one UN agency was working with the Taliban to extort bribes from contractors.[140] The NGO director said that this creates a relationship between UN officials, Taliban officials, and staff of the contractor that he described as "a triangle."[141]

An NGO official explained to SIGAR "the Taliban, particularly the Haqqanis, . . . use all the levers of state bureaucracy to prevent a company . . . [from operating] in the country" if they refuse to add a Taliban vice president or other shareholder with major decision-making authority. According to the official, these individuals are often the immediate relatives of Taliban officials and enjoy a share in the company's profits without having to make any investment into the company.[142] He told SIGAR that a friend who runs a company providing fuel to the UN had been forced to accept a relative of Interior Minister Sirajuddin Haqqani as a partner "even though he hadn't invested a penny."[143] A civil society activist told SIGAR that a company with major UN contracts is owned by a top Taliban leader, and that the company bribed WFP staff to win the contract. Major UN contractors provide "direct support to the Taliban in terms of cash, food, and even logistical support," he added.[144] A WFP third-party monitoring official also told SIGAR that the company has Taliban ties and said they "pay the Taliban for protection at every stage of implementation."[145]

### In Iraq, the UN Development Programme Was Involved in a Kickback Scheme

In January 2024, the *Guardian* reported on a kickback scheme by staff of the UN Development Programme (UNDP) working in Iraq on the Funding Facility for Stabilization program, to which the United States was the largest donor at the time.[146] Three employees and four contractors accused UNDP staff of demanding bribes of up to 15 percent of the contract value in exchange for awarding the contracts. The *Guardian*'s sources described "a perverse incentive structure in which UN employees who wanted to 'keep their cushy salaries' colluded with [Iraqi] government employees to identify new projects, with progress reports embellishing results to justify more funding."[147] UNDP employees described a "culture of fear and impunity" in which UNDP managers, who had developed close relationships with their government counterparts, used those relationships to shield themselves from accountability and to retaliate against staff who spoke out.[148]

The same civil society activist also told SIGAR that the Taliban increase their own power by using their influence over UN contractors to direct funding to their supporters. "The Taliban's strategy involves using [UN] agencies as instruments of power, directing aid in ways that consolidate their control while depriving vulnerable communities of essential support," the activist said.[149] This allegation is consistent with a U.S. Institute of Peace report that found that "the Taliban have effectively infiltrated and influenced most UN-managed assistance programming."[150] A former senior Afghan government official expressed similar concerns about "the unbalanced distribution of aid by the UN," in which "aid mostly goes to areas deemed friendly to those in power" and not to the neediest Tajik and Hazara populations in the northern and central parts of the country.[151] He also told SIGAR that the UN favors "Taliban-friendly logistics companies."[152] A number of companies and NGOs who do business with the UN allegedly have Taliban ties.[153]

The large size of WFP contracts, sometimes hundreds of millions of dollars, enables the companies that win them to grow in size, status, and influence. For example, a civil society activist told SIGAR that two companies with large WFP contracts also have contracts to provide food to the Taliban military. He alleged that some WFP contractors are involved in drug and weapons smuggling and funding terrorism.[154]

## The UN Pays the Haqqani Network for Security

UN agencies pay the Taliban to provide security for their offices and armed escorts for their convoys as they move around the country—a practice the UN has defended as necessary to protect its employees.[155] Under the previous government, the UN paid the government for armed escorts, which it used widely.[156] Likewise, the Taliban provided armed escorts for aid convoys in the parts of the country it controlled, but they generally did so for free—at a time when an actual war was going on.[157] Three people, including a UN official, told SIGAR that the Badri 313 Battalion, an elite military unit under the control of the Haqqani Network, provides protection to multiple UN bases, including in Kabul.[158]

Paying the Taliban for security is controversial among UN agencies and the broader aid community.[159] UN guidelines permit the use of armed escorts, but only as a last resort.[160] Paying armed organizations for security can have major costs. In Sudan, the UN paid the Rapid Support Forces (RSF) to secure humanitarian convoys. The RSF, a militia that grew out of conflict in the Darfur region in the 2000s, went on to support multiple coups and launch attacks against the government. The UN now needs to be protected from the very group they used to pay to protect *them*.[161]

According to SIGAR's sources, certain UN agencies, such as WFP, were quick to agree to the Taliban's demands that they pay them for armed escorts, while others, including the UN's Office for the Coordination of Humanitarian Affairs, were opposed.[162] One NGO official criticized the UN payments as "formalized bribery," and alleged that the UN put pressure on NGOs to follow suit.[163] An implementing partner admitted the Taliban had pressured her organization to pay them for security, but said they had been able to decline.[164] A different NGO official told SIGAR that a third NGO had been removed from their NGO coalition for paying the Taliban for security, in violation of the donor's policy.[165]

Other criticism was more nuanced. Refugees International has called for armed escorts to be used only when necessary for security and phased out elsewhere.[166] A former UN official told SIGAR that she took a similar position. "In areas with known ISIS-K presence, it made sense, but in other areas, once the fighting stopped there was no justification for an armed escort," she said.[167]

Research by the International Committee of the Red Cross found that the aid sector's overreliance on armed escorts in Afghanistan is not unusual; in dangerous places it has "become the rule," but the benefits of using such security services do not necessarily outweigh risks.[168] A 2022 review of the UN's response to the crisis in Yemen criticized an overreliance on armed escorts in the country, including those manned by soldiers of the internationally-recognized Southern Transitional Council government that controls part of the country. It characterized UN payments for this service as "in effect a contribution to the [government's] fighting forces."[169]

## THE TALIBAN USE THEIR INTELLIGENCE SERVICE TO DIVERT AID, SOMETIMES BY FORCE

The Taliban's General Directorate of Intelligence (GDI) appears to be the enforcement arm of its diversionary practices, ensuring that implementers deliver aid to where they are told and preventing them from reporting incidents of diversion. Several interviewees told SIGAR they had experienced or knew of varying levels of interference from the GDI.[170] A 2023 UN report found that the GDI had been heavy handed in its dealings with NGOs, saying that GDI officials had searched the offices of many of them and detained their staff.[171]

Several interviewees with first-hand experience in Afghanistan told SIGAR that aid was going to Taliban military bases and soldiers in several provinces.[172] An Afghan civil society activist said that the Taliban pressures NGOs to provide food and cash to five large military bases in Daykundi Province. Meanwhile, needy families belonging to populations the Taliban consider enemies, like the Hazara, receive very little food, and much of what they get is spoiled.[173] An Afghan NGO official told SIGAR that he was aware of food being diverted to Taliban religious schools and military camps where al-Qaeda and other foreigners were being trained.[174] He also said that he was on the run from the Taliban for documenting this diversion of food aid.

An Afghan NGO official responsible for distributing WFP food, who agreed to be interviewed at great personal risk, described multiple situations where he was compelled to divert food to Taliban soldiers, Taliban members, and their families.[175] He said that district-level intelligence officials, as well as civilian officials up to the provincial level, were involved in diversion.[176] He told SIGAR he had observed armed and uniformed Taliban soldiers taking food from WFP warehouses in the presence of Taliban intelligence officials, and he believed that the WFP head for that province was fully aware of this.[177] Another former NGO official told SIGAR he had also seen armed Taliban at WFP warehouses.[178]

A person working in third-party monitoring for the WFP in a different part of Afghanistan told SIGAR that the Taliban's intelligence service made it impossible for him to do his job: any reports of fraud or diversion were shared with the Taliban, who would retaliate by beating his team members. He said that this forced him and his colleagues to censor themselves.[179] A civil society activist also believed that WFP employees were in direct contact with the GDI, and that as a result, third-party monitors could not accurately report on any wrongdoing "because their lives would be in danger."[180] One NGO director who had been arrested by the GDI several times told SIGAR he believed that all NGOs are subject to government surveillance.[181]

In addition to diverting aid and intimidating aid distribution workers, the GDI and other Taliban security personnel appear to be using aid distribution, including access to medical care, to find and retaliate against former Afghan National Defense and Security Force personnel who served under the internationally supported government. A civil society activist told SIGAR that the Taliban want NGO beneficiary lists so they can identify members of the former government.[182] Another NGO official said that although his NGO did not want to provide the Taliban with information, the Taliban "set up a table outside one of our distribution points and [took] names of beneficiaries."[183]

### Hostile Regimes Often Interfere in Aid Delivery

The Taliban are not unique in using these tactics; interference into aid delivery by intelligence and security forces is also a serious problem in other countries. Under the Bashar al-Assad Syrian government, donors were sometimes forced to implement their programs through a government-affiliated entity, the Syrian Arab Red Crescent. Several high-level UN officials told the Center for Strategic and International Studies that this was the first time they had seen the UN allow a single government-affiliated agency to deliver aid.[184] Of the NGOs in Syria surveyed during the Assad regime by People Demand Change, a Middle-East-focused development firm, 85 percent reported experiencing interference by security forces. One said, "[Syrian] intelligence own the humanitarian aid system. They do not need to steal from it."[185]

Interference by government forces is also a problem in Sudan, where the body that regulates aid work, the Humanitarian Aid Commission, is closely associated with military intelligence. Intelligence officers are stationed inside commission offices to control aid delivery.[186]

## AID DIVERSION ALSO TAKES THE FORM OF INTERFERENCE WITH THE SELECTION OF NGO PARTNERS, VENDORS, AND STAFF

One of the most effective tools any nation receiving foreign aid has for interference in NGO operations is its regulatory capacity. Donors typically have their own foreign policy goals attached to the funding they provide; recipients want the funding, but not what they perceive as foreign interference.[187]

In Afghanistan, aid delivery is subject to a 2022 Taliban law that, according to the Afghanistan Analysts Network, marked "the start of a more aggressive regulatory stance towards aid work."[188] Contentious negotiations over the law's implementation, led by the UN Assistance Mission in Afghanistan (UNAMA) in September of that year, ultimately convinced the Taliban to agree to significant changes, including the removal of a requirement that NGOs share the names of beneficiaries with the Taliban, which relief workers found particularly problematic.[189] (WFP regulations, for example, require that beneficiary information remain confidential.[190]) Even so, the law requires NGOs to share their survey and assessment data with the Taliban.[191] Some interviewees said that the Taliban still have some access to the names of aid beneficiaries, which enables them to retaliate against people they consider enemies, such as employees of the previous Afghan government.[192]

Despite State Department assurances to SIGAR that it "is not aware of funding going to implementing partners or sub-awardees with ties/connections to the Taliban," there is evidence that the Taliban regularly directs funding to its preferred NGOs.[193] According to the U.S. Institute of Peace, "The Taliban have encouraged establishment of friendly or even directly sponsored [civil society organizations] and NGOs. One NGO association reported that more than 100 new organizations had applied for membership in the first quarter of 2022 alone."[194] Another NGO official said there is a running joke that there are now three categories of NGOs: "international NGOs, national NGOs, and Taliban NGOs."[195]

A State Department official, in response to a formal inquiry, told SIGAR that the Taliban revoked the registration of four Tajik-run NGOs that were implementing UNICEF's Health Emergency Response Program in late 2022. Being deregistered forced them to stop their work, since UNICEF requires its partners to be legally registered in the countries where they operate.[196] An NGO official told SIGAR that this was because they were all run by Tajiks.[197] A civil society activist told SIGAR that WFP selects companies and organizations because they "are affiliated with the Taliban or have close relationships with the Taliban." Vendors owned by Taliban leaders or with ties to the Taliban give NGOs the ability to "do their work without any challenges… [and to] navigate the Taliban court system," he said.[198]

Several interviewees told SIGAR that the Taliban make it extremely difficult to import medicine, either confiscating it outright or delaying its release until it has expired. Then, the interviewees said, they force NGOs to purchase medicine from their preferred providers, taking a cut for themselves.[199]

## Complicated Negotiations over Memorandums of Understanding Can Enable Diversion

One major method the Taliban use to prevent UN agencies from partnering with NGOs they find unacceptable is refusing to sign the memoranda of understanding (MOU). The law regulating the operations of NGOs requires each NGO to register for a license with the national Ministry of Economy and to sign an MOU with the Taliban regime. The law does not specify what sort of documentation must be submitted or who must sign off (beyond the names of institutions), but failing to get an MOU makes it illegal for

an NGO to operate.[200] The Taliban exploit this legal ambiguity. Many interviewees described the process of getting an MOU as arduous, unpredictable—and completely unavoidable.[201] One MOU SIGAR reviewed included vague language requiring the organization to follow "Islamic views, Islamic values, good traditions, and cultural values," without specifying what this meant in practice.[202]

In April 2025, SIGAR issued an audit of the MOUs that State Department implementing partners had signed with the Taliban. SIGAR found that "the Taliban's requirement to complete MOUs gives the Taliban a powerful means of influencing U.S.-funded activities." The audit determined that "even though State is not specifically required to review and approve MOUs, the department should broadly understand its duty to be aware of implementing partner activities, including a responsibility to be cognizant of how these MOUs are negotiated and enforced." It found that this was necessary in order to ensure compliance with requirements in the Foreign Affairs Manual, Federal Assistance Directive, and Code of Federal Regulations that State be aware of the activities of its implementing partners.[203]

The extent of Taliban interference appears to vary based on the sector and the ministry involved. One major NGO signed MOUs with two different ministries for the same project. One required "collaboration" with the ministry on hiring, while the other stated the NGO was solely responsible for hiring its staff.[204]

After the MOU is signed, NGOs must get additional approvals from provincial- and district-level officials—and at each level, negotiations start fresh, regardless of what was approved earlier.[205] Each level of interaction introduces opportunities for interference, diversion, and bribery.[206] A single bad meeting with a Taliban official can destroy months of consensus built with other officials. In September 2023, a year after the new NGO regulatory law was announced, the Ministry of Economy issued a letter to provincial directorates of economy with official guidance on the responsibilities of the directorates and NGOs. NGOs raised concern about new requirements, including Taliban ownership of NGO property, Taliban involvement in NGO procurement and recruitment, and Taliban approval of NGO workshops, seminars, and gatherings.[207] It appears that the NGOs' concerns were never addressed at the national level, although in early 2024, one education NGO was banned by the Taliban for refusing to turn over its assets and programming to Taliban control.[208]

FIGURE 1

### HOW TO IMPLEMENT A PROJECT UNDER THE TALIBAN

**NGO LICENSED BY MINISTRY OF ECONOMY**

NGOs are required to register with the Ministry of Economy to obtain a license to operate.

↓

**THE MINISTRY INTRODUCES NGO TO RLM**

The Ministry of Economy introduces the NGO to the relevant line ministries (RLM) based on the nature of the project.

↓

**NGO & RLM NEGOTIATE TERMS OF MOU**

The NGO then negotiates terms of a memorandum of understanding (MOU) with the RLM. The MOU is then signed.

↓

**NGO NEGOTIATES WITH PROVINCIAL GOVT**

The provincial government reviews the MOU and negotiates further operational details with the NGO.

↓

**NGO NEGOTIATES WITH LOCAL AUTHORITY**

After lengthy negotiations with national and provincial authorities, the NGO can now negotiate with local authorities.

↓

**PROJECT IMPLEMENTATION BEGINS**

After several rounds of negotiations and approval that typically lasts months, the project implementation can begin.

Source: NGO official, SIGAR interview, March 10, 2023; NGO official, SIGAR interview March 30, 2023; implementing partner, SIGAR interview, April 27, 2023; former NGO Official, SIGAR interview, May 16, 2023; NGO official, SIGAR interview, August 25, 2023; NGO director, SIGAR interview, October 2, 2023; Islamic Emirate of Afghanistan, "The procedure for coordinating the activities and regulating the domestic and foreign institutions and NGOs;" Afghanistan Affairs Unit, "Notes from the Field October 11, 2022," October 22, 2022; Afghanistan Affairs Unit, "Notes from the Field October 31, 2022," November 1, 2022.

Operating without an MOU is not a realistic long-term option. One NGO official told SIGAR that his organization had attempted to work without an MOU, but Taliban intelligence officers had arrested him and his staff multiple times for doing so.[209] In early October 2022, the Taliban Ministry of Economy threatened to suspend the humanitarian activities of one of USAID's partner organizations because it was operating without a signed MOU. At that point, a different USAID partner had been unable to implement its aid program for three months because it was waiting for the Ministry of Public Health to sign its MOU.[210] Later that month, the Taliban Ministry of Public Health sent a letter to the provincial public health directorates ordering the suspension any NGO health projects that lacked an MOU, causing disruption to several healthcare NGOs.[211] The Taliban also force NGOs to work with Taliban-affiliated or Taliban-owned NGOs, vendors, and contractors. For example, one NGO official told SIGAR that the Ministry of Public Health would approve their project only if they subcontracted the work to the ministry's preferred NGO.[212] A UNICEF official told SIGAR that companies get contracts to support aid programs because of their relationships with Taliban provincial or district governors, whose permissions are needed to implement programs. He cited examples of contracts for textbook procurement being directed by local officials to Taliban-affiliated companies.[213] Similarly, five NGO officials have told SIGAR that the Taliban forces them to rent cars and houses from Taliban officials directly or to use Taliban-affiliated vendors.[214]

## The Taliban Force NGOs to Hire Their Supporters, Who Facilitate Aid Diversion from Within

Because NGOs must be legally registered, governments can interfere in their staffing.[215] Ultimately, a regime can control aid delivery by requiring NGOs to hire a significant number of government supporters and sympathizers. When enough employees are replaced, Taliban hiring interference effectively transforms an NGO into a Taliban organization.

Taliban interference into NGO hiring is pervasive.[216] In August 2023, SIGAR surveyed seven NGOs in different sectors and regions about hiring interference. Only one, in Herat, reported that they had *not* experienced this. An NGO worker in Ghor Province estimated that at least 20 percent of the employees of international NGOs were affiliated with the Taliban.[217] Another former NGO official told SIGAR that the Taliban's provincial governor identified people for the organization to hire.[218]

Another NGO official said her organization had received multiple letters from the Taliban ordering them to give Taliban soldiers priority in hiring.[219] SIGAR obtained two MOUs between NGOs and the Ministry of Labor and Social Affairs that include language requiring "collaboration" with a Taliban representative when hiring staff.[220] However, experiences vary: An NGO worker in Balkh Province said the Taliban intervened "unofficially and indirectly," while a worker in Ghor Province described a system of interference run by provincial authorities.[221] SIGAR has also seen MOUs requiring Taliban involvement in hiring, as well as several State Department cables raising alarms about the extent of Taliban interference in hiring.[222]

In some cases, the Taliban require an NGO to put a person on their payroll to collect a salary without ever showing up to work. One former NGO official told SIGAR that "many NGOs have had to hire one or two Taliban members. They aren't official staff, and we never see them at the office…They were just introduced by key leaders of the Taliban, and we were told they would be given a salary from our NGO now."[223] Others told SIGAR that hiring members of the Taliban can be advantageous to their NGOs because having a Taliban-affiliated person on staff makes negotiations with the regime easier (a general rule that also applied under the previous government).[224]

Some of these Taliban-affiliated NGO staffers are there to monitor and direct an organization's work from the inside. An NGO official told SIGAR: "We are required to hire Taliban officials and then they influence our work."[225] In December 2023, the Taliban's General Directorate of Intelligence announced that NGOs may only hire candidates with a GDI approval letter.[226] By February 2024, some NGOs reported increasing pressure from provincial and district level Taliban officials to turn over lists of their employees' names and other personal information. One UN agency told State that such requests were not new, but that GDI involvement was.[227]

Should an NGO push back on hiring interference, the Taliban can simply refuse to sign their MOU, effectively shutting them down. One NGO official told SIGAR about a nutrition project that was given a list of people the Taliban wanted them to hire. When the NGO told the Taliban that they would only hire employees who were professionally qualified, months of negotiation ensued without any agreement. In the end, the project was never implemented, and the funds were returned to the donor.[228] A medical doctor and NGO program director told SIGAR that an international NGO allowed the Taliban to select staff on mobile health teams in Taliban-controlled areas, because resisting this interference would result in dire consequences. The doctor spoke from experience: In Taliban-controlled Kunduz before the collapse, the Taliban closed his office, detained his staff, and threatened violence when he opposed similar hiring interference.[229]

Several sources told SIGAR that hiring interference appears to be biased towards Pashtuns. They said that ethnic discrimination that existed during the previous government has worsened under the Taliban, with interviewees observing that non-Pashtuns have been systematically excluded from aid sector jobs.[230] An NGO official said that a Taliban ministry refused to do business with one of her organization's non-Pashto speaking staff, demanding that they send someone who spoke Pashto. Her organization has been forced to replace some of their minority staff with Pashtuns.[231]

One strategy that USAID partners have used to avoid awarding contracts to Taliban-affiliated NGOs has been to restrict bidding to NGOs that were established under the previous Afghan government.[232] But some of those NGOs have since been forced to bring in Taliban ownership. Two people told SIGAR that the Taliban force NGOs to add individuals they identify as senior officers or part owners of their organizations in exchange for permission to continue operating.[233] These individuals then receive a percentage of the NGOs' profits.[234] According to an NGO official, the Taliban "want to be partners with you."[235] In addition, a

former senior government official told SIGAR that Taliban officials require NGOs to allow them to identify which companies they hired as subcontractors, so they can profit by directing work to companies they have ownership stakes in.[236]

## THE TALIBAN DIVERT AID BY TAXING AND EXTORTING NGOS

Like any other government, the Taliban impose taxes on the resources coming into the country, including foreign assistance. The U.S. Treasury Department's General License 20, issued in February 2022, states that "the payment of taxes, fees, or import duties, or the purchase or receipt of permits, licenses, or public utility services" to the Taliban is permissible under U.S. law.[237] Furthermore, in December 2022, Under Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator Martin Griffiths stated that, although many members of the Taliban are under UN sanctions prohibiting them from engaging in any banking transactions, UN Resolution 2615 allows payments to the various government ministries under the control of those individuals when necessary for the delivery of humanitarian aid and basic services.[238] These transactions include paying withholding taxes on income, sales and property taxes, fees for visas and work permits, vehicle registration duties, public utility payments, and customs payments on imported goods. As of December 2022, sanctioned individuals led the ministries of finance, economy, interior, water and electricity, refugees and repatriation, transport and civil aviation, and agriculture, irrigation, and livestock—all of which have received tax payments.[239]

It is difficult to calculate how much U.S. funding has reached the Taliban this way. In the spring of 2023, SIGAR sent a questionnaire to all 144 implementing partners who had worked on U.S.-funded foreign assistance since August 2021, asking about their experiences with Taliban taxation and other payments. A total of 65 responded.[240] Of these, 38 reported paying taxes, fees, customs duties, or public utilities to the Taliban controlled government. (These are permissible under U.S. law and UN regulations when necessary for the delivery of aid.)[241] The resulting audit on U.S. funds benefitting the Taliban determined that since August 2021, U.S.-funded projects paid at least $10.9 million to the Taliban regime.[242] The audit could not examine U.S. funding that is funneled through UN agencies, because UN agencies do not collect such data from their implementing partners and, therefore, it was limited to implementing partners who responded to a voluntary questionnaire. As the report said, the $10.9 million figure was probably a gross undercount.[243]

The Taliban appear to be selective about how they are applying tax laws carried over from the previous government. One NGO director told SIGAR how this "cherry picking" had impacted his organization: The Taliban began an extensive audit of NGOs based on the previous government's laws—but also informed him that his organization had not paid taxes on transportation. When the NGO director told the Taliban that transportation was not taxable under the previous government, "they said, 'The Republic is gone.'…but they are using Republic law to justify the audit they are doing."[244]

The pressure to pay off the Taliban is unrelenting. One NGO official described it as "like going down a staircase, and every single step, there's a tax." One implementing partner director estimated that after all the layers of taxes, fees, bribery, and extortion, "maybe around 30 to 40 percent" of donor funds actually reached the population.[245]

According to the U.S. Institute of Peace, "the Taliban appear to view the UN system as yet another revenue stream, one their movement will seek to monopolize."[246] Many NGO officials have reported that they are forced to make payments to the Taliban. There appears to be little structure to these payments, and it is unclear whether the money paid goes to the Taliban as a government, or into the pockets of individual officials. As one NGO official said: The [aid money] coming into Afghanistan is directly supporting the Taliban and everyone knows this, but no one wants to talk about it. Where it goes after it's in the bank is not always clear. But all money is either directly or indirectly supporting the Taliban.[247]

An implementing partner director, who raised the issue with his contacts at multiple UN agencies that provided his funding, said they denied that UN-funded projects were making payments to Taliban ministries and did nothing to help him address this dilemma.[248] When he asked another NGO owner how they could afford to pay off the Taliban, he was told that the UN had increased the budget line accordingly. He told SIGAR that he was unwilling to engage with the Taliban himself and told the UN agency that they could either negotiate for the necessary approvals from the Taliban on his behalf, or he would implement his project without legal approval.[249]

Informal and extortionary payments imposed on NGOs are common in hostile or otherwise unstable countries. NGOs working in al-Shabaab-controlled territory in Somalia have reported that the going rate is 30 percent of project costs, but the amount is sometimes negotiable.[250] According to a 2021 report by the Danish Institute for International Studies, taxes imposed at checkpoints in South Sudan deliberately target NGOs transporting humanitarian assistance and are one reason that the country has some of the the highest costs in the world for aid delivery—comparable to Afghanistan. These "taxes" may be more accurately described as shakedowns by armed actors.[251]

## THE TALIBAN USE DIVERTED AID TO REWARD THEIR SUPPORTERS

A regime may subject an oppressed minority to starvation by blocking deliveries to their area. Tension between humanitarians and regimes over beneficiary selection is unavoidable due to stark differences in who they want to serve, one former UN official told SIGAR:

> Famine is the physical manifestation of social and political exclusion.… Humanitarians prioritize children, then female-headed households, then poor families, then the middle class, then traditional authorities and local officials, and finally the military. But parties to the conflict prioritize their militaries, then traditional authorities and local officials, then the middle class, then poor families, then female-headed households, and finally children.[252]

Many current and former NGO workers told SIGAR that the Taliban are doing exactly what the official described: prioritizing their members, supporters, and the widows and orphans of their fighters over others, regardless of need.[253] In the short term, this may help the Taliban keep the loyalty of its supporters; in the long term, it may be destabilizing, warned an NGO official with decades of experience in the country. "The people that you are diverting from will eventually [rise up against] you," the official said, adding that the Taliban "have to be careful how long they [deprive] certain groups" of aid.[254]

According to the Red Cross Code of Conduct, which hundreds of humanitarian organizations have signed, humanitarian aid should be distributed in the most neutral way possible, prioritizing the most vulnerable.[255] The World Food Programme, which has received more U.S. funding than any other organization working in Afghanistan since August 2021, prohibits its partners from participating in discrimination.[256] But the Taliban, like similar regimes, compels aid organizations to direct assistance to regions where their supporters live—rural areas populated mostly by ethnic Pashtuns—and away from populations they consider enemies.[257]

The central provinces of Afghanistan have historically faced high rates of malnutrition, with the smallest arable land area of any region, poor soil conditions, and a heavy reliance on subsistence farming.[258] But one NGO official described a meeting he attended where another NGO presented nutritional data indicating that Kandahar Province, in the south, and Paktika Province, in the southeast, were underserved, contrary to his experience and knowledge of Afghanistan. The official believed this was an attempt to redirect aid to the Taliban's mostly Pashtun strongholds in the south and southeast, but "nobody questioned this out loud…because members of the Taliban ministry were there."[259] He told SIGAR about another project that had received donor funds to operate in Panjshir and Takhar, both Tajik majority provinces in the north, but the Ministry of Public Health refused to allow them to work in those areas, insisting there was no need.[260]

Many sources have reported widespread discrimination against the Hazaras, an ethnic and religious minority who have been persecuted throughout Afghan history.[261] Several interviewees described ethnic discrimination as systemic within the WFP, noting that most WFP staff are Pashtuns.[262] The chairman of the World Hazara Council told SIGAR that he knew Hazara WFP staff who were fired after the Taliban takeover and replaced with Pashtuns.[263]

He also told SIGAR that, in Kabul, a city that is a patchwork of ethnic neighborhoods, very little aid went to Hazara families.[264] Another interviewee told SIGAR that Khair Khana, a Tajik neighborhood in the north of the city, received none.[265] At the same time, neighborhoods that supported the Taliban received so many aid packages they were selling the extras for profit.[266] Several interviewees told SIGAR about distributions of spoiled or rotten food to minority populations, both in Kabul and throughout

Afghanistan.[267] One interviewee described wheat flour distributed to Hazara areas as "full of worms and other insects…not even suitable for animal fodder."[268]

The president of the Bamyan Foundation, a Washington-based nonprofit, told SIGAR that sometimes when food aid was delivered to Hazara areas, the Taliban have arranged for Pashtuns to travel there to collect the aid instead.[269] This was not limited to WFP; the Foundation published a report claiming that Afghan Red Crescent Society aid distribution in Daykundi (which is majority Hazara) went primarily to Taliban officials living in Nili, the provincial capital, and to Pashtun families who had travelled to Nili from other provinces.[270] The report identifies several structural reasons that exacerbate discrimination in aid delivery, including the absence of International Committee of the Red Cross and WFP regional offices in Bamyan and Daykundi Provinces, as well as Taliban control of the Afghan Red Crescent Society, which implements the International Red Cross' programs.[271]

When done according to a principled approach, aid distribution typically considers factors such as a household's income, wealth, and number of dependents and directs resources to those with the greatest need.[272] But several humanitarian workers told SIGAR that Taliban officials require NGOs to put the officials' family members on beneficiary lists regardless of need (a practice that also occurred under the previous internationally supported government).[273] One NGO official said that his brother, who works with the WFP, was forced to give Taliban members from outside the area preauthorized beneficiary cards that they used to collect aid. He also said that the Taliban governor of Kandahar Province had demanded thousands of WFP beneficiary cards.[274] An NGO director told SIGAR about a cash aid program meant to support widows—but 50 of the "widows" who collected aid were Taliban men.[275]

Some aid workers expressed mixed feelings about interference in beneficiary selection. One NGO official described aid diversion as "part of the economic landscape," and said that it would be "unusual" if aid was not diverted.[276] Another interviewee noted that diverted aid can go in different directions, some worse than others. "If it's going to the children of Taliban families? If so, is it bad?" the interviewee asked. "If they are stealing fuel to sell on the black market to make themselves rich—there's a big difference."[277]

Sometimes, Taliban interference with aid distribution looks more like legitimate governance. Reflecting their distaste for aid dependence, in the first several months after their takeover, the Taliban announced a food-for-work scheme that provided wheat to men in exchange for manual labor on irrigation projects.[278] While food-for-work programs are common aid projects, the Taliban program prohibits women from participating. A Kabul widow described her resulting situation as "desperate."[279] One interviewee told SIGAR that negotiations about work requirements for WFP's food distribution in the Kabul area took a month and a half, during which operations were

suspended. WFP ultimately agreed to conditional, food-for-work for 30 percent of the beneficiaries.[280]

In some communities, local authorities collect food packages distributed according to a needs assessment and redistributed them as they see fit. Although this qualifies as aid diversion by Western definitions, it reflects a social norm in Afghanistan in which windfalls are shared with the community.[281] Because extreme poverty is so widespread throughout the country, even if Taliban officials or local elders overrule a needs-based assessment, it is likely that at least some aid is getting to people who need it.[282] One implementing partner staffer told SIGAR, "When the Taliban tell us to give aid to people…they usually need it, because 90 percent of the country is suffering."[283]

## AID ENABLES THE TALIBAN TO CUT SPENDING ON SOCIAL SERVICES

Information about how much revenue the Taliban raise and how they spend it is patchy and unreliable.[284] With the exception of a short-term budget released shortly after they took over, the Taliban Ministry of Finance has not publicized any information about expenditures.[285] The regime produced an approved budget for fiscal year 2022, but outside of a few high-level figures, it has not been made public.[286] Not only has the Taliban not made its 2024 budget public, but it is being kept secret even within the regime.[287]

However, some information is available from the World Bank, which has access to the Afghanistan Financial Management Information System, maintained by the Ministry of Finance.[288] The Taliban appear to be heavily prioritizing funding for the security sector. According to a 2022 analysis by the World Bank, the Taliban's Ministries of Defense and Interior and the General Directorate of Intelligence together accounted for over 60 percent of the government's total operating expenditures.[289] This emphasis on security sector spending correlated with an 81 percent decrease in spending on social services.[290] The Ministry of Public Health suffered the most drastic cuts. In 2019, the Afghan government spent about 20 billion afghanis on the Ministry of Public Health; in 2022, the Taliban spent 2 billion.[291] According to the World Bank, in 2023 the Taliban spent only 2 percent of their budget on the health sector.[292] As of late 2023, civil servants were reportedly getting paid regularly, but the Taliban have lowered their salaries.[293] The Taliban assumed responsibility for paying public school teachers from donors, but according to a donor official, have reduced their salaries by 30 to 40 percent.[294]

### Aid Allows Estranged Regimes to Shift Spending from Social Services to Repression

Foreign aid enables recipient governments to decrease their spending on development and public services.[295] The University of Washington's Institute for Health Metrics and Evaluation found that every dollar of health aid enables recipient governments to reduce their own health spending by anywhere from 43 cents to $1.14.[296] In her book, *Aiding and Abetting: U.S. Foreign Assistance and State Violence*, political scientist Jessica Trisko Darden found that the paradoxical result is that aid intended to help the citizens of oppressive regimes enables those regimes to become more oppressive by increasing spending on coercion and repression.[297] The book also drew on four decades of data on U.S. economic and military aid, and found that, in this way aid can have the unintended effect of increasing human rights abuses and repression, especially in weak states with recent histories of war.[298]

This budgetary trickery is not unique to Afghanistan. After South Sudan achieved independence, it spent forty-four percent of its budget on the security forces and only 11 percent on health, education, and humanitarian affairs combined.[299] In turn, more than 80 percent of defense spending went to wages and allowances, in order to consolidate the support of security forces.[300]

In addition, in hostile regimes, informal means of revenue collection and a general lack of budget transparency enable political elites to misappropriate public funds.[301] The Taliban's lack of transparency regarding their revenue and expenditures makes it difficult to determine when donors are being asked to pay for services that the Taliban would have funded themselves.[302]

One particularly clear instance of how foreign aid allows the Taliban to cut its own spending on social services occurred in the winter of 2022. At the time, there was an argument that, by funding part of the cost of the education system, donors would incentivize the Taliban to restore girls' access to education. But after UNICEF paid almost 200,000 teachers supplements equivalent to two months' worth of salaries, the Taliban withheld the same amount from their pay, thereby redirecting that money while making no changes to their education policies.[303]

Aid diverted toward military spending can be a useful mechanism for autocratic governments.[304] According to a U.S. Institute of Peace report, retaining and rewarding their security forces is one of the Taliban's top priorities. This patronage network "extends beyond fighters to the families and interpersonal networks of their veterans, as well as the tens of thousands of war dead, who the Taliban refer to as martyrs," the report said.[305]

CHAPTER 3

# THE TALIBAN MAY USE CASH SHIPMENTS AND EXCHANGE RATE MANIPULATION TO TURN AID INTO PROFIT

A pallet of cash, part of a $40 million package of aid arrived in Afghanistan and was deposited in a commercial bank in Kabul in December 2021. (Da Afghanistan Bank photo)

Even before the Taliban takeover, a significant amount of money—roughly $250 million every three months—was delivered to Afghanistan via pallets of U.S. dollars flown into the country.[306] This practice was the indirect result of sanctions designed to punish money launderers and terrorists. Because of those sanctions, wire transfers—the usual means of moving money around the world—exposed intermediary banks to the risk of violating the law by inadvertently doing business with entities owned by sanctioned individuals.[307]

After the imposition of sanctions on doing business with Taliban-controlled entities, airborne cash infusions became the primary means by which donors funded humanitarian aid.[308] In 2022 and 2023, the UN flew at least $3.6 billion in cash into the country.[309] This amounted to roughly $40 million in cash per week, money intended to fund the work of 19 UN entities, the World Bank, Asian Development Bank, and 49 NGOs.[310]

This practice came to public attention in November 2022, when the Taliban-controlled Afghan central bank posted a photo of a pallet of what it said was U.S. currency, along with a boast that it had received three cash injections of $40 million each.[311] The following month, a *Foreign Policy* article alleged that "much of the [aid] money [flown into the country] never reaches those who need it" and that "unknown quantities are stolen by Taliban."[312] In March 2023, the then-chairman of

the House Foreign Affairs Committee asked SIGAR to investigate "the impact of the introduction of large amounts of U.S. dollars into the Afghanistan economy and their beneficiaries."[313] SIGAR was unable to determine exactly how much of this $3.6 billion came directly from the United States, but because the United States was the single largest donor to UN agencies operating in Afghanistan, it is safe to assume it was a significant portion.[314]

SIGAR interviewed a range of sources, including current and former officials from the Afghan central bank, Afghan commercial banks, UN officials, U.S. Treasury Department, and the U.S. Federal Reserve Bank, as well as money exchangers in Kabul and five other provinces.[315] Several of these sources alleged that the Taliban and powerbrokers with ties to them are taking advantage of their control of the country's foreign exchange markets to manipulate the value of the afghani and make money through arbitrage.[316]

Before the Taliban takeover, aid money transported by plane was deposited into the Afghan central bank, known as Da Afghanistan Bank, or DAB.[317] After the Taliban seized power, the UN began circumventing DAB by depositing cash into a private commercial bank, the Afghanistan International Bank.[318] Even so, many of these dollars end up in the central bank anyway after they are exchanged for afghanis—as they must legally be, since the Taliban have imposed a ban on the use of foreign currency. The UN and other aid organizations must exchange their dollars for the afghanis they use to pay salaries and vendors.[319] As SIGAR reported in a January 2024 evaluation, private banks generally do not have enough afghanis to exchange for such large quantities of dollars and must purchase afghanis through DAB. Through this process, the Taliban are able to accumulate large quantities of U.S. dollars.[320]

Boxes and stacks of cash arriving in Afghanistan in January 2023. (Da Afghanistan Bank photo)

Donors, the UN, and NGOs tend to focus on preventing the diversion of tangible goods such as food, while less attention is paid to less visible types of diversion—chief among them the risk that powerbrokers will use currency manipulation to skim off large quantities of aid money.[321] In Afghanistan, that risk is heightened by the fact that the security measures the United States and other donors had in place under the previous government to safeguard transactions conducted by the central bank—such as embedded oversight personnel and on-site investigations of local currency exchanges—disappeared when the Taliban took over.[322]

### Currency Conversion Also Offers Opportunities for Aid Diversion Elsewhere

In places like South Sudan, Sudan, the Assad regime in Syria, and Houthi-controlled territories of Yemen, powerbrokers use the currency conversion process to divert as much as two-thirds of all aid into their own pockets.[323]

Regimes facing international sanctions routinely soften their economic effects by skimming a percentage of aid funding at the point when foreign currency is converted into local currency. They do so by artificially inflating the value of their local currency relative to the foreign currency through the establishment of a fixed official exchange rate and forcing the UN and NGOs to use that rate. Then they pocket the difference between the official rate and the lower black-market rate. According to Radio Tamazuj, in South Sudan in July 2015 politically connected elites bought dollars for 3 South Sudanese pounds (SSP) each, then sold them on the black market for 9 SSP—tripling their money.[324] A variety of press and think tank sources have documented similar schemes in recent years in countries such as South Sudan, Sudan, the former Assad regime in Syria, and Houthi-controlled territories of Yemen.[325]

According to a report by the Center for Strategic and International Studies, in March 2021 the Assad regime in Syria skimmed almost two-thirds of the dollars going into regime-held areas of the country in a similar way, allowing it to bolster its foreign currency reserves while evading Western sanctions.[326] According to the report, after forcing UN agencies to convert dollars into Syrian pounds at the inflated official rate, the regime forced their banks to sell half of these dollars to the central bank. The regime then profited when it sold the dollars in the black market.[327] Even after the UN negotiated a more favorable exchange rate in September 2021, the report said, the Assad regime was still taking 32 percent of each aid dollar coming into the country.[328]

According to Reuters, independent UN sanctions monitors found that in 2018, Yemen's Houthi-controlled central bank skimmed $423 million off $2 billion in aid from Saudi Arabia using a similar method.[329]

## DESPITE UN ASSURANCES, DOLLARS END UP IN THE TALIBAN-CONTROLLED CENTRAL BANK

In January 2023, the UN published a detailed press release explaining how funds flown into Afghanistan are distributed to UN entities and UN-approved and vetted humanitarian partners. According to that statement, none of the money is deposited at DAB and none goes to the Taliban. Instead, it claimed, the cash transfers are "carefully monitored, audited, inspected, and vetted in strict accordance with UN financial rules and processes."[330]

But that press release failed to acknowledge that, despite these precautions, many dollars still end up in the Afghan central bank. According to a former central bank official, currency traders must legally unload these dollars by selling them to the central bank because of the Taliban's ban on the use of foreign currency.[331] (For simplification, in this report SIGAR will refer to any money service providers, including hawaladars, and foreign exchange dealers as currency traders.) However, the ban on the use of foreign currency is unevenly enforced.[332] The main reason that these dollars end up in the central bank is that private banks generally do not keep enough afghanis on hand to exchange for large amounts of U.S. dollars.[333] The former central bank official described this system as "a very convoluted process currently controlled and orchestrated by the Taliban."[334]

Donors would prefer to avoid doing any business with Afghanistan's central bank, even indirectly. But at the same time, they realize that injecting dollars into the economy enables the central bank to stabilize the value of the afghani prevents the kind of runaway inflation that was a major driver of the food crisis in the fall of 2021.[335]

## THE TALIBAN MAY HAVE PROFITED BY MANIPULATING EXCHANGE RATES AND RIGGING CURRENCY AUCTIONS OF IMPORTED U.S. DOLLARS

One of DAB's major roles is auctioning off dollars. Under regulations established by the previous government, DAB decides when to hold an auction, who can participate, and how much to auction off.[336]

The currency market in Afghanistan is dominated by just a handful of politically connected traders.[337] These traders also allegedly create, and profit from, dollar squeezes. Currency traders in Kandahar and Kabul told SIGAR that major traders hoard dollars to profit from arbitrage.[338] (This is an example of temporal arbitrage or buying something now with the intent of selling it in the future for a higher price.)[339] By coordinating their efforts, major currency traders and DAB officials can create a temporary shortage of dollars. Indeed, a Kabul-based currency trader told SIGAR that the two requirements to manipulate the value of the currency are access to "huge capital" and ties to "high-ranking officials of the government."[340] DAB's role in licensing and regulating the traders creates what one Afghan businessman described as "a mafia" made up of "a closed club of people who are close to the Taliban."[341]

Although DAB announces in advance the estimated amount to be exchanged, it reserves the option to increase or decrease it without announcement before bidding.[342] Before an auction, an Afghan businessman told SIGAR, DAB officials secretly leak the exact amount to be auctioned to currency traders with political connections. If, for example, the bank official tells the trader that it will be auctioning fewer dollars than previously announced, that makes each dollar more valuable. Armed with this inside information, the trader can outbid his rivals. The trader then waits for the value of the dollar to rise compared to the afghani, then profits on the difference between what he paid and the higher, inflated value. The businessman says that this practice began under the previous Afghan government and continues under the Taliban.[343] Exactly where such profits go—to individual bank officials or the Taliban regime's coffers—is unclear.

Shifting the exchange rate even slightly can have a significant effect. If the Taliban central bank had been able to profit 3 afghanis on each of the $3.6 billion the UN has flown into the country since August 2021 under the circumstances outlined above, they would have made $133 million.[344]

Collusion between Afghan central bank employees and currency traders is not new under the Taliban. Abdul Qadir Fitrat, who was DAB governor between 2007 and 2011, told SIGAR that central bank employees were caught colluding with currency traders bidding on currency auctions in 2008 and removed from their positions.[345] Wahid Nosher, former acting governor of DAB between 2016 and 2019, described the currency market as "monopolized," which sometimes leads to "weird" and unexpected movements in the value of the afghani.[346]

## THERE IS NO LONGER ANY INTERNATIONAL OVERSIGHT OF THE AFGHAN CENTRAL BANK

In theory, a central bank's job is to exert control over monetary policy for the benefit of the economy, free from outside influence by any political faction.[347] In practice, politics often affect policy. The Afghan central bank under the previous government was not immune to external political influence.[348] In Taliban-controlled Afghanistan, however, the risk of politicization is internal and specific—namely that central bank officials will rig currency auctions and manipulate the value of the afghani for profit.

The previous Afghan government established several systems intended to reduce the politicization of the central bank. Before the Taliban takeover, the International Monetary Fund (IMF) had an active presence in Kabul, monitoring money supply and bank deposits and working with the bank to maintain exchange rate and price stability. IMF staff regularly double-checked information received from the bank's leadership by interviewing bank staff, currency traders and their staff, and hawala dealers in Kabul's main currency exchange market, Sarai Shahzada.[349] Former central bank governor Fitrat said that during his tenure, IMF employees would tell the central bank how much money should be in circulation and how much in reserves.[350] Similarly, the World Bank and the United States had embedded advisors.[351]

According to a State Department response to a SIGAR request for information, "the IMF has had no formal presence or contact within the country or with DAB" since the Taliban takeover.[352] Even if it did, said Fitrat, the Taliban would likely insist on providing them with armed escorts to monitor their work. Thus, neither bank staff nor businessmen in Sarai Shahzada would be able to speak freely with them.[353]

Fitrat described the central bank under the previous government as "relatively independent," but the Taliban central bank's systems are much weaker, with a 2023 USAID assessment sounding the alarm that the Taliban's supreme leader could directly meddle with the bank's affairs.[354]

In 2023, the bank's three highest ranking officials (a governor and two deputy governors) were Taliban loyalists who were sanctioned by the United States and UN.[355] One of these deputy governors, whom the United States, United Nations, and European Union have sanctioned because of his role in financing terrorist attacks, was then elevated to the top job in July 2024.[356] Prior to the Taliban takeover, the bank's governor, Noor Ahmad Agha, had been responsible for managing and distributing funding for the insurgent Taliban's military operations, including IED attacks.[357] Therefore, the former financier of terrorist groups is now responsible for countering terrorism financing.[358]


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CHAPTER 4

# CURRENT DONOR STRATEGIES FOR DELIVERING AID ARE INSUFFICIENT TO PREVENT DIVERSION

Volunteers at a woman-led, UNDP-funded community kitchen pass out food to communities in need in the aftermath of an October 2024 earthquake. (UNAMA photo)

Officially, donors maintain that none of their money is going to the Taliban. In reality, a combination of funding pressures and public relations concerns encourage aid organizations to conceal how much of their aid winds up in places it was not intended to go. Facing pressure to demonstrate success and avoid scandal, donors leave their partners to deal with handling diversion risk; those partners are incentivized to downplay or hide instances of diversion to maintain their funding and their access to populations who need their help. One UN official said, "Donors love to hear about aid diversion, but then they don't do anything. . .Diversion has become about checking boxes, not actually solving the problem."[359] The result is a "don't ask, don't tell" culture that undermines the principles of transparency and accountability that the sector purports to uphold.[360]

This chapter discusses how donors, implementing partners, and multilateral organizations wind up in this perverse cycle of risk transfer and obfuscation. It also highlights how increasing reliance on multilateral organizations, particularly UN agencies, may exacerbate these issues in Afghanistan.

## POLICIES PROHIBITING ENGAGEMENT WITH THE TALIBAN IGNORE THE REALITY THAT AID CANNOT BE DELIVERED WITHOUT IT

Aid programs, including some U.S.-funded projects, were implemented in Taliban-controlled territory long before the Taliban takeover.[361] Many NGO workers had quiet interactions—or even well-established relationships—with Taliban officials for years before the government's collapse.[362] Yet NGOs in such situations work in a policy no man's land. The official policy of their organization or government might mandate no contact with hostile groups, but if such a group controls the territory where a project is meant to be implemented, contact is unavoidable.

After the Taliban takeover, NGO interactions with Taliban officials became much more fraught. Donors were generally uncomfortable with or even openly hostile to engagement with the Taliban, yet the aid programs they were funding required NGO staff to communicate regularly with Taliban officials.[363] The NGO staff did so, generally without guidance from donors on how to proceed.[364] A USAID implementing partner told SIGAR that, more than a year after the takeover, they had no written guidance from USAID on how to deal with Taliban authorities.[365]

A UN evaluation of the humanitarian response in Afghanistan found that local-level engagement between NGO staff and the Taliban tended to focus on specific pragmatic issues and was somewhat productive.[366] NGO workers interviewed for this report gave SIGAR many examples of engagement and negotiation on topics ranging from gender segregation policies to beneficiary selection.[367]

## DONORS HAVE STRICT ZERO TOLERANCE POLICIES ABOUT AID DIVERSION, BUT ENFORCEMENT IS INCONSISTENT

USAID, the agency through which most U.S. assistance to Afghanistan flowed prior to the aid pause and termination of awards to the country, took a "zero-tolerance approach toward fraud, corruption, or violation of law that involves U.S. taxpayer funds."[368] The agency also required its partners to "report all incidents of diversion, fraud, waste, and abuse to USAID staff and the USAID Office of the Inspector General." This includes even minor issues: "There is no minimum reporting requirement for partners."[369] The agency mandated that its implementing partners certify that, in the three years prior to receiving an award, they have not knowingly engaged in transactions or provided material support or resources to entities subject to U.S. or UN sanctions.[370] At least two USAID partners admitted to having made false certifications about past material support to the government of Iran and Hezbollah, respectively, and were forced to pay monetary settlements to the U.S. government.[371]

The U.S. government and UN have longstanding sanctions against many senior Taliban officials that bar them from normal trade relations and prohibit them from receiving any resources, including aid.[372] Congress reiterated these prohibitions in March 2022 by including in the fiscal year 2022 appropriations act that no U.S. government funding "may be made available for direct assistance to the Taliban."[373]

FIGURE 2

## Contradictions between UN Regulations and Taliban Laws and Guidance

| CATEGORY | UN REGULATION | TALIBAN LAW |
|---|---|---|
| **Information Sharing** | UNICEF, UNHCR and WFP all require the implementing partners keep data and information confidential.<br>UNHCR and WFP explicitly stipluate that information related to beneficiaries must be protected. | The Taliban's "regulations" require implementing partners to share their survey data with the ministry overseeing the project. |
| **Hiring Interference** | UNICEF requires implementing partners to hire technically and professionally competant staff.<br>A WFP risk assessment provides the example of "drawing local staff disproportionally from one ethnic or political group" as a practice that would threaten the sustainablity and success of an operation. | Multiple interviewees reported that the Taliban routinely interfere in hiring and require NGOs to hire unqualified people.<br>Interviewees also reported that the vast majority of WFP staff are Pashtun. |
| **Beneficiary Selection** | UNHCR and WFP jointly emphasize prioritizing people who are most in need.<br>WFP requires that implementers serve beneficiaries "with complete impartiality regardless of race, religion, nationality, political opinion, disabilty, sex or gender." | The Taliban require NGOs to put their relatives on beneficiary lists and interfere in aid delivery based on ethnicity, religious sect, and political affiliation. |
| **Payments to Terrorists** | UNICEF, UNHCR and WFP all prohibit their partners from intentionally directing any resources to terrorist entities and require partners to ensure this does not happen. | NGOs have reported that it is virtually impossible to avoid paying taxes to the Taliban. |

Source: World Food Programme, "General Conditions on the Field Level Agreement," February 2024, pp. 1, 8; UNHCR, "General Conditions of Conduct for Bilateral Project Partnership Agreements," September 2023, pp. 9–10; UNICEF, "General Terms and Conditions for Implementing Partners," n.d., pp. 1–2, 8; WFP, "WFP Environmental and Social Sustainability Framework: Module 3: WFP Environmental and Social Safeguards for Programme Activities," March 2021, p. 22; UNHCR and WFP, "UNHCR-WFP Joint Targeting Guidelines," December 3, 2020, slide 10; UNHCR and WFP, "Joint Guidance: Targeting of Assistance to Meet Basic Needs," n.d., p. 8; Islamic Emirate of Afghanistan, "The procedure for coordinating the activities and regulating the affairs of domestic and foreign institutions and NGOs," Ministry of Economy, October 22, 2022 (translation by Link Translations), pp. 5–6; NGO official, SIGAR interview, March 30, 2023; NGO official, SIGAR interview, March 9, 2023; NGO official, SIGAR interview, August 25, 2023; NGO director, SIGAR interview, October 2, 2023; NGO director, SIGAR interview, February 16, 2024.

But at roughly the same time, in late 2021 and early 2022, the Treasury Department's Office of Foreign Assets Control (OFAC) issued a series of general licenses that function as sanctions "carveouts." These make exceptions for international and local NGOs that "meet basic human needs" or support healthcare, education, food assistance, and protection of human rights, among others.[374] These exceptions permit these organizations to engage with the Taliban when it is absolutely necessary, such as when paying taxes or for establishing public utility services.[375] OFAC requires aid organizations to report situations in which, in order to provide humanitarian assistance, they are forced to provide funds or other assistance to sanctioned individuals in a way that is not covered by existing exceptions. OFAC will then "address such issues on a case-by-case basis in an expeditious manner."[376]

The UN Development Programme's Adaptive Management and Risk Mitigation Strategy states that no support can be provided directly or indirectly to the Taliban authorities.[377] The UN's standard under the 1999 International Convention for the Suppression of the Financing of Terrorism is similar, prohibiting "making funds, financial assets, or economic resources available directly or indirectly to designated persons or groups."[378] In 2023, World Food Programme Executive Director Cindy McCain announced that her agency has a "zero tolerance policy for theft and diversion."[379]

But these policies, which appear to be so strict on paper, do not define "diversion," and the effect is to give aid organizations latitude to define it in ways that suit their own purposes. In August 2023, a diplomatic cable from the State Department's Afghanistan Affairs Unit stated that the director of UN Office for the Coordination of Humanitarian Affairs for Afghanistan "insisted that OCHA does not have any evidence that aid diversion is either systemic or wide-ranging," and claimed that Taliban manipulation of beneficiary lists and hiring interference—tactics which the Taliban use to steal assistance—do not constitute "actual misdirecting or theft of assistance."[380]

As early as 2014, many aid organizations noted this lack of definitional clarity. Nearly 50 humanitarian organizations interviewed as part of a 2014 Harvard Law School report on antidiversion policies "indicated a desire for increased clarity around donors' anti-diversion policies and standards" and expressed concern that donors had not standardized their antidiversion requirements. Current policies, the report said, form a "latticework of disparate standards" and "different levels of enforcement and scrutiny."[381]

## Donors' Zero-Tolerance for Diversion Leads to Concealment

The ambiguity about what constitutes "diversion" increases pressure on implementing partners, who know they will pay a steep price if they are found guilty of allowing it to happen. According to the Conflict Sensitivity Facility, a body that promotes aid effectiveness in South Sudan, NGOs face penalties including "termination of funding, being barred from bidding for future work, investigations, and reputational risk."[382] In recent years, the United States has prosecuted implementing partners for providing material support to terrorists. In 2018, the United States fined Norwegian People's Aid, a USAID implementing partner, over $2 million for failing to report past material support

to Iran and for allowing individuals affiliated with Hamas and two other designated entities to participate in trainings.[383]

Uncertainty about how zero tolerance policies are enforced adds to the pressure. In a 2022 internal memo about contributions to the World Bank's Afghanistan Reconstruction Trust Fund, USAID admitted that direct assistance to the Taliban is not defined, and determinations of whether it happened are "made on a case-by-case basis."[384] A report by the Center for Strategic and International Studies found that "donor governments choose to ignore the reality in which NGOs are working, instead choosing to pick and choose violations that come across their desk."[385]

Zero tolerance policies are often impossible to fulfill.[386] A fellow at New York University's Center for International Cooperation and a former NGO manager in Afghanistan, has cautioned that there are no foolproof guarantees that funds will entirely reach their intended targets without any diversion by Taliban authorities.[387] A UN official told SIGAR, "It is normal for aid to be coopted into patronage networks."[388]

Meanwhile, the quest for that impossible goal means more compliance and reporting work, which may at a certain point become counter-productive. One former USAID official with decades of experience working on humanitarian aid in conflict zones told SIGAR that NGOs are increasingly recruiting staff to work not on aid delivery but on donor reporting and government relations.[389] SIGAR's 2021 report *The Risk of Doing the Wrong Thing Perfectly: Monitoring and Evaluation of Reconstruction Contracting in Afghanistan* also addressed this issue, recommending that the Secretary of State and the USAID Administrator "assess whether minimizing or modifying administrative requirements for compliance and [monitoring and evaluation] would result in more time available to assess program effectiveness."[390]

Aid organizations' negotiations with the regime are often informal and secretive, and "junior staff members are often left to handle dilemmas stemming from demands of local power brokers, such as deciding whether to pay bribes, agree to share beneficiary lists, favour a power broker's candidate for contractual jobs, or report diversion or taxation" with little support.[391] These frontline aid workers often conceal the compromises they have to make to keep delivering aid; higher-ups are left unaware of what is happening in the field.[392] Even third-party monitors aware of what is happening may not report diversion for fear of losing their jobs or of violence from the regime itself.[393]

This silence has consequences. A British government report found that this lack of open discussion about aid diversion "has made it difficult for donors [and] implementing partners to allocate resources and engage with the challenge appropriately."[394] Without open discussion, donors cannot assess whether compromises made by their partners are appropriate and justifiable.[395] A former UN official explained to SIGAR that "the distance between the imaginary [zero-tolerance] world of donors and the reality on the ground creates opportunities for mismanagement, corruption, and fake scandals."[396]

Returnee families in Afghanistan's Central Highlands Region receive non-food items and "cold packages" from UN agencies to keep them warm in January 2013. (UNAMA photo by Aurora Verceles Alambra)

## To Ensure Programs Continue to be Funded, Diversion May Be Ignored and Success Stories Emphasized

State Department officials overseas face pressure from those at headquarters in Washington and from Congress to report that their projects have been successful in order to protect and increase funding for their programs and portfolios.[397] The amount of money "successfully" spent in a year is often the starting point for the following year's budget.[398] U.S. officials may be unreceptive to hearing about difficult compromises their UN, NGO, and other implementing partners must make with the Taliban and similar regimes in order to deliver aid. According to a variety of sources, instead of accepting the reality that some of it will be diverted, they pretend diversion does not occur.[399]

A former USAID official told SIGAR about debates within that agency over whether anything should be done to combat diversion, but "we got stuck on what to do about it."[400] Reluctance to pause aid is most acute when it comes to lifesaving humanitarian assistance. A former State official described to SIGAR debates about whether to reduce aid in response to the outbreak of civil war in South Sudan in 2013. Any time a suggestion was made that the United States should hold the South Sudanese government accountable for diversion or corruption, she said, "someone would say, 'but we can't let babies starve,' and that shut down the whole conversation." The government's diversion of aid resources was visible in the sudden wealth in the capital city, "so everyone knew it was happening, but these conversations were happening over beers, rather than in upper-level meetings." In her opinion, the lack of conditions on U.S. aid made the war deadlier.[401]

Aid organizations face another disincentive for being honest about the reality of aid diversion: the desire to stay in business. As one implementing partner told SIGAR, "We must show we are providing assistance in order to keep getting funding."[402]

The chairman of World Hazara Council's U.S. branch, told SIGAR that NGOs do not [communicate anything about Taliban interference] to the UN or other international organizations because . . . they don't want to be fired or shut down for reporting that the Taliban have a hand in their work.[403] One Afghan NGO official told SIGAR that when he complained to the leadership of an international NGO that their field office was allowing the Taliban to interfere with their hiring policies, "their response was to deny that there was a problem at all."[404]

Despite internal policies to protect whistleblowers, aid workers are often reluctant to report diversion due to the real risk of retaliation. Junior field officers in a position to document cases of aid misuse may suffer consequences from the individuals implicated, especially if the field officer is from the local community.[405] Another factor is the difficulty of defining "corruption." In Western culture, hiring relatives is often seen as nepotism, but in other cultures it is normal to trust one's relatives or fellow tribe members over a stranger, no matter how well qualified that stranger may be.[406] Adding to these disincentives is the time it takes to investigate allegations, a process that has the potential to stop a project's operations and open the organization up to additional investigations.[407]

Finally, there is the pressure of short-term funding cycles. The 2022 humanitarian appeal in Afghanistan, the largest single-country appeal by the UN's Office for the Coordination of Humanitarian Affairs at the time, saw a rapid increase in aid funding from $2.1 billion to $3.9 billion. This necessitated a swift scale-up in programming, leading to the rapid hiring of new staff who were often unprepared to navigate aid diversion dilemmas. NGOs faced pressure to expand into newly accessible areas, a process that typically requires a year for proper establishment but was compressed into weeks or months.[408] As one donor official told SIGAR, an agency given six months to spend $200 million dollars when it was used to receiving a tenth of that amount is not likely to have the necessary capacity on the team to disburse that money properly. But "if we don't take it, then we get less the next time around."[409]

This boom-and-bust funding cycle creates perverse incentives and prevents addressing underlying drivers of crises. An Afghanistan Analysts Network report found that "reliable long-term funding" would enable aid workers to "take a firmer stand against diversion demands because they are less concerned about [losing] their jobs or about their organization's survival."[410]

## Competition Among UN Agencies and NGOs Increases the Likelihood They Will Acquiesce to Taliban Demands

Competition among UN agencies and NGOs working in Afghanistan also drives diversion. Sending funding through the UN before it reaches the NGOs actually doing the work exacerbates this challenge, as UN agencies pressure NGOs to "deliver at all costs."[411] Donors incentivize UN agencies and NGOs to reach more beneficiaries more quickly by rewarding them with more funding and contracts for doing so, rather than prioritizing the quality and impact of aid. This "corporate growth" mentality leads agencies to focus on maximizing the volume of aid delivered rather than mitigating harm

or diversion.[412] Donors want to be able to deliver aid in the hardest to reach places, meaning partner NGOs competing for contracts must figure out a way to reach those places, even if it means complying with a regime's demands.[413]

This environment discourages collective action, allowing the Taliban to play UN agencies and NGOs against each other.[414] As organizations negotiate with the Taliban separately and covertly, the result, experts say, is "a more fragmented, less principled and less effective humanitarian counterpoint to Taliban demands."[415] As one NGO official told SIGAR, "if one of us caves, we lose strength in numbers."[416]

## DONORS DISAGREE ON HOW TO ENGAGE THE TALIBAN

In the United States, the 1986 Foreign Assistance and Related Programs Appropriations Act prohibits providing funds to any regime that has overthrown an elected government. Funds can continue to support a population living under such a regime, provided they are not directed to the regime itself.[417] On paper, these distinctions seem clear. In real life, they are anything but.

In reality, what happens is that long-term development aid for such things as infrastructure and education is reduced or comes to a halt, while humanitarian aid increases, usually routed through large multilateral organizations such as the UN or the World Bank.[418] But once donors send aid to multilateral organizations, they lose visibility over exactly how their money is used, and the nature of those organizations' day-to-day dealings with the hostile regime.[419]

Over time, in an effort to do more sustainable programming that costs less and reaches greater numbers of people, donors begin to push the limits of what constitutes emergency aid, while trying to minimize benefits to or cooperation with the hostile regime.[420] As that happens, the line between humanitarian and development aid inevitably begins to blur.[421] Meanwhile, the day-to-day logistics of delivering humanitarian aid to vulnerable populations involve negotiation, legal interpretation, improvisation, and—inevitably—extensive engagement with the hostile regime.

Additionally, different countries have different boundaries on the kinds of engagement they find acceptable.[422] A report from the UN Analytical Support and Sanctions Monitoring Team, a group of experts established to support the enforcement of sanctions against the Taliban, pointed to the "absence of any internationally agreed multilateral strategy on how to deal with the Taliban" as a key factor in the regime's consolidation of power and backsliding on governance promises.[423]

This underscores the need for a cohesive, coordinated approach among international actors. Standardizing the language in agreements between UN agencies, implementing partners, and the Taliban could help create a united front. However, this approach must be carefully managed to avoid exacerbating mistrust between humanitarian organizations and the UN. One USAID official told SIGAR that during the Assad regime

in Syria, implementers were concerned that if the UN were to lead negotiations with the government, they would agree to policies that implementers opposed.[424]

The U.S. Institute of Peace similarly found a pattern of UN agencies and larger NGOs capitulating to Taliban demands and undermining the ability of other organizations to resist.[425] Likewise, a UN official told SIGAR that UN agencies pressured the NGOs they funded to agree to Taliban demands, a dynamic that she had also observed with the UN under the Houthis in Yemen.[426]

## U.S. Policy Does Not Recognize the Taliban, but Back-Channel Communication Still Takes Place

The American embassy in Kabul remains closed; the Afghan embassy in Washington shut down in early 2022 after running out of funding from the previous government.[427] The United States cannot enter any formal agreements or exchange diplomats with a government it does not recognize. And yet, over the past four years the United States and the Taliban have developed ways of talking to each other.[428]

In early October 2021, a U.S. delegation including David Cohen, deputy director of the Central Intelligence Agency, and deputy Afghanistan envoy Tom West met with senior Taliban officials, including interim foreign minister Amir Khan Muttaqi.[429] On October 20, 2021, West was appointed Special Representative for Afghanistan, and he continued to engage with Taliban representatives and technical professionals on humanitarian assistance until his departure in October 2024.[430] In February 2022, State created the Afghanistan Affairs Unit to represent the U.S. diplomatic mission to Afghanistan. It is based in Doha, Qatar, where the Taliban also maintain a presence.[431]

Between October 2021 and July 2023, there were at least five meetings between unnamed Taliban representatives and U.S. delegations, including Special Representative West, Rina Amiri, the U.S. special envoy for Afghan women, girls, and human rights, and Chief of the Afghanistan Affairs Unit Karen Decker.[432] Additional technical meetings on counternarcotics and economic stabilization occurred between late 2023 and the spring of 2024.[433] By the summer of 2024, this engagement included weekly meetings with the Taliban delegation in Doha.[434]

A November 2022 report by State's Office of Inspector General found that the Afghanistan Affairs Unit personnel "met regularly with Doha-based Taliban representatives," using a communication channel originally created to deconflict battlefield movements during the withdrawal.[435] Even before the creation of the Afghanistan Affairs Unit, a November 2021 diplomatic cable stated that the Embassy Kabul team (by that point, relocated to Doha) "regularly engage[d]" the Taliban.[436] In late 2023, the Afghanistan Affairs Unit released an Integrated Country Strategy describing their engagement with the Taliban and other Afghan stakeholders on a variety of strategic interests.[437]

## The UN, the European Union, and Regional Actors Each Have Their Own Approach to Dealing with the Taliban

The UN's policy on engagement is that interaction with the Taliban, including incidental contact with sanctioned individuals, is permissible to the extent required to deliver humanitarian aid.[438] The UN does not recognize the Taliban as a legitimate government.[439] Sanctions imposed by the UN largely prevent Taliban officials from traveling outside of Afghanistan.[440]

However, in February 2024, the Taliban were invited to a two-day UN-led conference in Doha. In response, they presented a set of conditions for their attendance, including a requirement that they be recognized "as the only official representative of Afghanistan." The UN rejected that as unacceptable, and the conference proceeded without them.[441] A subsequent UN conference in Doha at the end of June 2024, was attended by both Taliban and U.S. officials. Non-Taliban Afghan representatives were excluded, and several of them criticized the UN for this decision.[442] The Taliban did not attend the UN General Assembly in September 2024.[443]

Initially, the Council of the European Union appeared to condition engagement with the Taliban on their formation of an inclusive government, inclusion of women in decision-making, and respect for human rights—conditions the Taliban have not met.[444] The European Union reestablished a "minimal presence" in Kabul in early 2022 without recognizing the Taliban as a government. (The Taliban described the action as an official embassy opening.)[445]

European countries are generally wary of the humanitarian situation in Afghanistan causing a repeat of the 2015 migration crisis, during which approximately 1 million refugees and other migrants entered Europe.[446] Germany and Italy suggested in late 2021 that even with the Taliban in control, aid should go beyond basic humanitarian needs to include some development programming.[447] As of July 2024, the United Kingdom's Foreign Commonwealth and Development Office allocated about 30 percent of its Afghanistan budget to programming that goes beyond humanitarian assistance. British officials have visited Kabul regularly since October 2023, but maintain no permanent presence.[448] In March 2025, Switzerland announced that it had reopened its humanitarian office in Kabul, with four staff to engage with Taliban representatives at a technical level on project implementation.[449] On the other hand, France has vehemently opposed providing any development aid. However, French military personnel have returned to Kabul—with the Taliban's consent—to fight ISIS-K.[450]

Some of Afghanistan's neighbors and regional players, including China, Russia, Iran, and Pakistan, still maintain embassies in Kabul and have allowed Taliban-appointed representatives to serve at Afghan embassies in those countries.[451] To date, only Russia has formally recognized the Taliban.[452]

UNDP staff provide relief in the aftermath of an earthquake in western Afghanistan that killed over 1,500 people and displaced 43,000 in October 2024. (UNAMA photo)

## THE U.S. GOVERNMENT HAS HISTORICALLY HAD THE LEAST OVERSIGHT OF AID TO THE RISKIEST PLACES

Aid to people living under hostile regimes is particularly risky because much of it falls into two categories for which U.S. oversight requirements are relatively loose: humanitarian aid and aid implemented in partnership with large multilateral institutions like the UN and World Bank.[453] Since the Taliban takeover, UN agencies and the World Bank have administered 64 percent of U.S. aid to Afghanistan. Of total international aid going to Afghanistan during the same period, 72 percent was humanitarian, as was 74 percent of U.S. aid.[454] The combination of relatively loose oversight over humanitarian aid and the problems of dealing with a hostile regime mean that, as an expert on aid delivery summarized it, "We have the least oversight where we need it the most."[455]

According to USAID's Office of Inspector General, the agency's lower threshold for oversight of humanitarian aid is intended to "expedite needed funds to conflict or disaster zones, typically for the short term." However, as the same office has noted, humanitarian aid often continues for many years. Even after the program is well established and there is time to create robust oversight mechanisms, there is no regulation or policy mandating a shift to normal oversight standards.[456]

In July 2022, 13 senators wrote to USAID Administrator Samantha Power expressing concern that the Bureau for Humanitarian Assistance had fewer than five full-time contracting officers to manage more than 1,200 programs. The letter stated that each contracting officer is responsible for managing 10 times the total value of contracts than that of their counterparts in the rest of the agency.[457] A year prior, Administrator Power herself had informed the Senate Foreign Relations Committee that the average USAID contracting officer managed $65 million annually—more than four times that of their counterparts at DOD.[458]

A woman looks over the landscape of Zendeh Jan in Herat Province in the aftermath of a devastaing earthquake in October 2024. (UNAMA photo)

A 2021 USAID Office of Inspector General report about the agency's humanitarian response in Syria "revealed significant programmatic weaknesses and fraud and abuse," and traced those problems to agency-wide deficits in the oversight of humanitarian programming. These deficits included not enough staff to manage the risk of fraud, inadequate training of the staff that was there, and the need to create an anti-fraud strategy specific to humanitarian assistance.[459] Although the agency had addressed some of these concerns by 2023, the inspector general once again identified oversight of humanitarian aid as one of its top concerns that year.[460]

In a report for the Brookings Institution, a former USAID Afghanistan Mission Director wrote that USAID largely outsources its risk management to implementing partners who provide "insurance" against risks, including that of the Taliban diverting aid.[461] In especially high-risk environments, like Afghanistan under the Taliban, the United States leans heavily on United Nations agencies as "pass throughs" before funding reaches the NGOs that actually deliver aid. This additional layer of "insurance" provides political top cover for donors: it is easier to deflect blame to the UN for high-profile diversion scandals than to individual NGOs. The problem is that it is not clear that using the UN as a passthrough actually reduces the risk of diversion. In fact, it may increase it.

## THERE ARE RISKS AND BENEFITS TO THE U.S. GOVERNMENT'S RELIANCE ON THE UN TO DELIVER AID IN RISKY PLACES

Until recently, the United States increasingly relied on multilateral organizations, particularly United Nations agencies, when providing aid to people living under hostile regimes. In 2022, about 25 percent ($12.5 billion) of the total amount that the United States spent on foreign aid globally went to the UN.[462] Between 2020 and 2022, USAID funding to multilaterals quadrupled.[463] In May 2023 in a response to a formal SIGAR inquiry, a USAID official wrote that "all USAID humanitarian assistance supports the work of UN agencies and experienced, carefully selected international NGOs."[464]

Donors rely on multilateral organizations to deliver humanitarian assistance for several reasons. One is size: As one USAID official noted, "The UN can deliver at a scale that is unrivaled by NGOs—it's a machine."[465] This advantage is particularly pronounced when it comes to scaling up logistics to deliver goods such as food.[466]

Speed and staffing constraints also drive this reliance. It can take USAID up to a year to vet and approve a local NGO partner, but it is quick and simple for the agency to sole-source an award to the UN, the U.S. government's go-to partner in a crisis.[467] One U.S. official told SIGAR that lighter oversight requirements allow the UN "to devote more staff and energy to implementation."[468] A USAID official agreed, noting that "you just needed a one-page concept paper that took them very little time to draw up, and that's a win 24 hours after an emergency."[469]

The UN's status as an intergovernmental body and the global legitimacy it brings may also provide advantages when engaging directly with host country governments—as, for instance, in Sudan, where the UN's relationship with the government makes it easier for them to obtain visas for expatriate staff and to import goods.[470] Finally, donors rely heavily on multilateral organizations because they serve as a buffer against criticism—especially in hostile regimes, where risks of diversion and scandal are especially high. Serving as just one of many donors to a UN agency makes it more politically palatable to continue sending aid to a country ruled by a hostile regime.[471]

But the hazards of this strategy are increasingly evident: a lack of transparency and minimal oversight on aid delivery programs, questions of effectiveness and agility in delivering certain types of aid, and the burdening of local NGOs with all the risks of dealing with aid diversion.[472] Despite the risks of losing funding, five interviewees told SIGAR they personally reported Taliban meddling in hiring, distribution, and kickback schemes to the UN and asked for help dealing with them. All five told SIGAR that their UN contacts failed to act in response to their allegations.[473]

Until recently, USAID did not require global aid agencies to report serious criminal misconduct such as fraud or theft.[474] Following a 2020 revision, USAID's standard template for awards to multilateral organizations includes the requirement to report allegations of "fraud, corruption, collusion or coercion."[475] However, SIGAR's March 2025 audit of multilateral organizations found that both State and USAID still sometimes fail to require multilateral organizations to do so.[476] The result is that UN agencies such as the World Food Programme and UNICEF, which handle the majority of USAID assistance to Afghanistan, receive the least oversight.[477]

The same audit recommended best practices for how State and USAID should improve their oversight of large multilateral institutions. SIGAR recommended that State standardize its pre-award reviews to make sure each multilateral can adequately safeguard U.S. funding. Other recommendations included negotiating the right for the U.S. government to conduct visits to project sites or to hire third-party monitors, requiring multilaterals to create written monitoring plans, and requiring them to report

about the performance of their programs. The audit also found that these institutions need to improve their oversight of downstream NGOs and implementing partners, particularly with regards to financial reporting.[478]

The U.S. government's heavy reliance on multilaterals is also driven by a prevalent misperception that because of the UN's principles of neutrality and impartiality, aid routed through them is somehow less susceptible to diversion, money laundering, or inadvertent terror financing.[479] However, USAID's Office of Inspector General has found that oversight offices at UNICEF, the UN High Commissioner for Refugees, and other large multilaterals do not always promptly or adequately report fraud, and that they may lack independence.[480] As an Afghanistan expert has argued, "It is a fallacy to think that humanitarian aid provided through the UN system is...exempt from the risks of money laundering and inadvertently funding terrorism, diversion from intended uses, corruption, and other financial risks."[481]

Moreover, the UN often works through government-affiliated businesses and organizations, some of which may be sanctioned or involved in human rights violations. Additionally, the UN agencies are not bound by U.S. or European Union sanctions.[482] While UN suppliers have a code of conduct that states that they are expected to protect human rights and ensure they are not complicit in abuse, a report by the Center for Strategic and International Studies (CSIS) identified numerous individuals implicated in human right abuses who were UN partners or contractors, or otherwise benefited from UN funds in that country.[483]

A woman washes rice at a UNDP-funded, woman-led community kitchen. The kitchen provided about 600 meals daily to communities in need in the aftermath of an October 2024 earthquake. (UNAMA photo)

According to a report by Ahmad Nader Nadery, former chairman of the previous Afghan government's Independent Administrative Reform and Civil Service Commission (IARCSC), UN agencies are able to operate and deliver aid in sanctioned environments, under the close oversight of the authorities, but they are "rarely perceived as neutral actors by the local population."[484]

Removing the additional layer of UN agencies between donors and NGOs could provide more flexibility in programming and increase aid effectiveness. A USAID official told SIGAR that when UN agencies play this role, it reduces donors' visibility into implementation, which can lead to more diversion. She also said that NGOs are able to be more responsive to changing circumstances on the ground and in shifting to new beneficiaries, and that giving aid directly to them increases the chance that aid will reach the right people.[485] In an effort to increase transparency and oversight, according to the same report by the former IARCSC chairman under the previous Afghan government, the UN should become the primary mechanism for delivering aid in these contexts only if they are independently monitored, and if they ensure principled and conflict-sensitive approaches to aid delivery.[486]

According to experts on humanitarian access negotiations from Doctors Without Borders and others, although the UN has an advantage in logistics, smaller organizations are more flexible and can make quick decisions when necessary.[487] An NGO official told SIGAR that, although the World Food Programme has an advantage over smaller NGOs when it comes to distributing food in bulk, NGOs are more efficient when implementing cash assistance or cash-for-work programs. This is because NGOs often have long-established relationships with local leaders who can facilitate their access to areas where multilateral agencies have no local contacts.[488] According to the same Doctors Without Borders experts, because of their lower political profile compared to the UN, smaller organizations also find it easier to establish trust and credibility when negotiating, giving them a comparative advantage at the operational field level.[489] According to multiple sources, NGOs also tend to be more capable of switching locations and partners to respond to new areas of need.[490] In contrast, UN officials tend to have limited visibility and access to on-the-ground information because, as one NGO official said, they "never leave their compounds."[491]

CHAPTER 5

# LESSONS FROM THE U.S. EXPERIENCE IN AFGHANISTAN CAN HELP INFORM FOREIGN AID REFORM

Workers at a road construction site in Jawzjan Province, Afghanistan in 2013. (USAID/Afghanistan photo)

Since the Taliban takeover, donors largely shifted funding to humanitarian programs in Afghanistan. Some experts have raised concern that humanitarian aid alone will not meet the basic needs of the population.[492] They argued that greater engagement with the Taliban, including in some cases through limited technical assistance—such as skills training, expert advice, and research-sharing—is required to sustain the delivery of basic services in Afghanistan, as well as in other hostile regimes.[493]

A June 2024 report by the Center for Strategic and International Studies found that recent decreases in donor funding for aid to Afghanistan "have underscored the urgency of resuming development assistance." Specifically, the report called on donors to "promote sustainable economic development through a policy of principled, limited engagement."[494]

Cooperation with hostile regimes is already happening in some places. In Yemen, an NGO official told SIGAR, the UN's World Food Programme is working with the Houthi Ministry of Education to provide aid in Houthi-controlled parts of that country.[495] Another NGO official told SIGAR about his organization's support to the Syrian Ministry of Water Supply. Although the United States and the Assad regime were formal adversaries, the NGO official described the ministry as simply "a building of people interested in pipes and flanges" whose focus was not geopolitics but simply providing water to their communities. Some, he pointed out, had even lost their lives trying to keep the system functioning during conflict.[496]

In Afghanistan, the healthcare sector is in particular need of technical assistance to slow the erosion of 20 years of U.S. investment.[497] (Under the U.S.-supported Afghan government, donors funded healthcare in both government and Taliban-controlled areas.)[498] One NGO director told SIGAR that even though progress in the health sector is often considered one of donors' most significant achievements, Afghanistan's health system "could collapse in twenty-four hours" without external funding.[499] A former UN official noted that, because healthcare services are reliant on other systems—water and electricity—there is an argument for technical assistance to sustain these systems, as well.[500]

Multiple experts have argued that Afghanistan's current economic challenges are the result of policies meant to isolate the Taliban.[501] In mid-2024, the UN projected that an estimated 23.7 million people would need humanitarian assistance that year.[502] A UN evaluation concluded, "The state-avoiding nature of the [humanitarian] response and the policy and bureaucratic obstacles erected by the authorities severely limited the impact and sustainability of the aid efforts."[503] Similarly, the UN's Inter-Agency Standing Committee has written that, because the crisis in Afghanistan is protracted and man-made, "the case for greater technical cooperation with ministries and departments in life-critical services (including health, [water and sanitation], and nutrition) is compelling."[504] A report by the Center for Strategic and International Studies argued that "as direct cash transfers and humanitarian aid are scaled down, complementary... investment in Afghanistan's economy must be scaled up."[505]

## DONORS, UN AGENCIES DISAGREE ABOUT WHAT TYPES OF PROGRAMMING AND ENGAGEMENT ARE APPROPRIATE UNDER HOSTILE REGIMES, SUCH AS THE TALIBAN

Significant disagreements persist between donors, UN agencies, and NGOs about what kinds of engagement with hostile regimes are appropriate. In Afghanistan, for example, according to a donor official interviewed by SIGAR, the UN High Commissioner for Refugees pursued an agreement with the Taliban Ministry of Foreign Affairs at the beginning of 2022 to provide technical support and funding. As a result, the official said, the United States pulled its contribution to UNHCR's funding because its actions conflicted with U.S. political messaging.[506] An NGO official told SIGAR that stronger consensus among donors about what types of programming are permissible in hostile regimes would reduce reputational risks for UN agencies and legal risks for NGOs.[507]

Such disagreements often delay the transition from short-term humanitarian aid to more sustainable, longer-term interventions. The same donor official told SIGAR that it usually takes donors and the UN two to three years—and eight or nine years in the case of Yemen—to agree to a guiding framework on how they will engage with a newly hostile regime, a prerequisite for scaling up more sustainable support to basic service provision.[508] An April 2024 State cable described significant demand among donors and implementing partners for a common framework detailing what engagement with the regime should look like in each sector, including potential technical assistance to Taliban-controlled ministries. The cable argued such a framework "would reduce

obstacles to service delivery" and mitigate legal risks, while "making sure the Taliban cannot play donors off one another."[509]

A USAID official managing programming in a different hostile regime told SIGAR that there is insufficient funding for "interventions between humanitarian and development assistance," which she also referred to as "early recovery" programming. She blamed this on congressional fears "that it will become development, and it will benefit the regime." But she lamented: "Why should we be delivering flour every day, if we can help the community build a bakery? Why truck in water, if we could fund a water purification plant? Investment in a small-scale solar mini-grid can facilitate access to electricity, and therefore, water purification. We aren't necessarily talking about repairing a power station in Damascus. But even there, what if that would enable a hospital to reopen or expand care? We are throwing good money after bad. In a decade the U.S. has spent $17 billion and the needs have never been higher."[510]

## THE WORLD BANK HAS A STRATEGY FOR DEALING WITH HOSTILE REGIMES; THE UN'S GUIDANCE MAY BE INSUFFICIENT

The World Bank's launch of its 2020–2025 Fragility, Conflict, and Violence Strategy advocated a shift toward longer-term aid to sustain basic services in these contexts.[511] The Bank, which specializes in the provision of development aid, refers to this shift as "remaining engaged during conflict and crisis situations to preserve hard-won development gains, protect essential institutions, build resilience, and be ready for future recovery."[512] A 2023 review of the strategy found that, "where there [was] institutional consensus to do so," the Bank was able to "remain engaged even in the most challenging" [fragility, conflict and violence-affected] situations" to "protect human capital, safeguard institutions, preserve development gains, and mitigate the risks of inaction and disengagement."[513]

The strategy emphasizes the importance of focusing on "the most vulnerable" populations and using aid to address "exclusion, inequalities, and perceptions of injustice that can drive fragility." It makes a commitment to tackling corruption and human rights violations, because those problems can fuel violence.[514] Finally, it states that disengaging from fragility, conflict, and violence-affected countries should be "a last resort," because it will disproportionately harm the most vulnerable. (According to an analysis of World Bank data by New York University and Chatham House, approximately half of people living in fragility, conflict, and violence-affected countries also live under hostile regimes.)[515]

A former UN official with decades of experience in hostile and conflict-affected countries told SIGAR that large UN humanitarian appeals are often driven by the need for "basic service provision," which would be more appropriately classified as development, rather than humanitarian aid. He lamented a tendency for "humanitarians [to] take funding from development actors."[516] Similarly, an NGO official told SIGAR that he welcomed the World Bank's work in fragility, conflict, and violence-affected states, because he said there is a need for more development work in these contexts, as needs cannot be addressed by short-term aid alone.[517]

A donor official with many years of experience in hostile regimes suggested establishing guidelines for engaging with de facto authorities. She argued that the UN's Inter-Agency Standing Committee (IASC), which is responsible for coordinating international responses to humanitarian crises among donors, UN agencies, and NGOs, should develop this new policy.[518] An NGO official agreed, pointing to UNICEF's "2018 Programme Framework for Fragile Contexts" policy as a good starting point for that discussion.[519]

According to the same donor official, global UN guidance would reduce the scope of the issues to be debated and create "a reference point" for future discussions. She told SIGAR that her goal was for this new policy to play a similarly clarifying role as had the "Durable Solutions for Internally Displaced Persons," which was adopted by the UN's Inter-Agency Standing Committee in 2010. She envisioned the new policy as going sector-by-sector and providing guidance about what kinds of programming is appropriate, and she also suggested that the policy should provide guidance on how to engage with an estranged regime.[520] Speaking to SIGAR, an expert on humanitarian aid also endorsed the idea, but stressed that the guidance would need to be carefully contextualized to fit each specific country context.[521]

In Afghanistan, one thing is clear: The UN's Principles of Engagement, as described in the Transitional Engagement Framework, are not workable. Such principles include a human rights-based approach that the Taliban are fundamentally opposed to and operational independence that violates the Taliban's NGO law. They also require UN activities to promote gender equality and women's rights while respecting "local customs, cultures and religions"—which includes the Taliban's prohibition on promoting gender equality.[522] The UN's evaluation of the humanitarian response describes the "political positions of the international community and the Taliban" as "mutually antagonistic."[523]

## USAID, UN, AND NGO OFFICIALS TOLD SIGAR THAT FUNNELING AID THROUGH THE UN BEFORE IT REACHES NGOS COMES WITH RISKS

The vast majority of aid to the Afghan people is channeled through the UN and its affiliate agencies.[524] These agencies include the World Food Programme, the UN High Commissioner for Refugees, the UN Children's Fund, the UN Food and Agriculture Organization, the UN Population Fund, the UN International Organization for Migration, the World Health Organization, and the Office for Coordinating Humanitarian Assistance —all of which until recently received U.S. funding in Afghanistan.[525] (The United States withdrew from the World Health Organization in January 2025. The next month, the White House announced a 180-day review of United States membership in and funding for all international organizations.)[526] This has given the UN as an institution a skewed amount of control over aid to Afghanistan and how organizations should comply with—or resist—Taliban edicts, laws and regulations. Complicating this further, UN regulations often directly conflict with Taliban laws, forcing NGOs to navigate impossible contradictions.[527]

One NGO official described the UN as "the richest de facto state in Afghanistan" and cautioned that this concentration of power and resources has consequences donors

may not fully understand.[528] According to a former UN official, a former NGO official, and an Afghanistan expert, UN agencies are so enormous that policy decisions like whether or not—or who, exactly—to pay for security have immense implications in a sensitive environment like Afghanistan.[529] Once a UN agency moves on a decision of such magnitude, smaller organizations (including UN-funded NGOs) lose the flexibility to make their own decisions.[530]

The aftermath of the Taliban's December 2022 ban on women working in the aid sector illustrated the UN's influence, as well as its failure to fully use that influence. NGOs scrambled to redesign programming to comply with both the Taliban's ban on employing women and UN guidelines on including women. By mid-February 2023, the UN reported that, having negotiated many local exemptions to the ban, their programs had resumed and their female Afghan staff were able to work in their offices. But the implementing NGOs were excluded from these negotiations and left on their own to find solutions—and risked having their UN contract canceled if they could not continue implementation.[531] One NGO director told SIGAR he had hired a male relative to accompany each female employee in her work, but could not comply with a subsequent Taliban demand to remove female staff from his organization's payroll.[532] A large healthcare NGO reported that, lacking the power to negotiate against a Taliban decree directly prohibiting women from working for humanitarian NGOs, they were pursuing a short-term solution—providing their female staff with the technical infrastructure to work from home.[533]

## Providing More Funding Directly to NGOs, Rather than Passing it Through the UN First, Could Improve Flexibility and Effectiveness

Removing the additional layer of UN agencies between donors and NGOs could provide more flexibility in programming and increase aid effectiveness. A USAID official told SIGAR that when UN agencies play this role, it reduces donors' visibility into implementation, which can lead to more diversion. She also said that NGOs are able to be more responsive to changing circumstances on the ground and in shifting to new beneficiaries, and that giving aid directly to them increases the chance that aid will reach the right people.[534] In an effort to increase transparency and oversight, according to the same report by the former chairman of the Independent Administrative Reform and Civil Service Commission under the previous Afghan government, the UN should become the primary mechanism for delivering aid in these contexts only if they are independently monitored, and if they ensure principled and conflict-sensitive approaches to aid delivery.[535]

Because the UN is large enough to make its own decisions about how it engages with estranged regimes, donors also may find themselves funding UN agencies that are out of strategic alignment with them. A USAID official described the UN's tendency to comply with the diversionary demands of estranged regimes as "WFP, OCHA, and other UN bodies actively working against U.S. foreign policy objectives—and using a lot of U.S. government money to do it." That, the official said, elevates the issue to the level of State or the National Security Council.[536]

The UN may not be willing to report instances where their compliance with an estranged regime conflicts with the broader intentions of the donors funding the work. In 2018, USAID's Office of Inspector General found that the UN's oversight mechanisms generally lack the capacity to investigate fraud, theft, and diversionary acts.[537] In August 2023, a diplomatic cable from the Afghanistan Affairs Unit stated that the director of OCHA for Afghanistan "insisted that OCHA does not have any evidence that aid diversion is either systemic or wide-ranging," and claimed that Taliban manipulation of beneficiary lists and hiring interference—tactics which the Taliban use to steal assistance—are not "actual misdirecting or theft of assistance."[538]

Several interviewees argued that donors could improve aid effectiveness by maintaining and working through a variety of types of partnerships and channels, reducing heavy reliance on large UN agencies and diluting their share of the market.[539] One NGO official compared building a more resilient and diverse aid system to building an investment portfolio, and cautioned against an overly negative approach: "I would not frame it as 'WFP is too big, defund WFP,' as that is a wholly negative way of putting it. Rather, I would say that to create a resilient and effective humanitarian system, there needs to be a more intentional portfolio approach. We need to invest in . . . local actors, as they present innovation and growth opportunities, as well as risk spreading."[540]

There are advantages to using the UN—they have existing networks to deliver aid on a national scale, tend to have more influence with governments, and can create a sometimes-desirable buffer between donor and recipient countries.[541] But the UN's dominance in the global aid network creates some of the same problems created by monopolies in the business world, such as stifling innovation and the development of smaller competitors.[542] Several interviewees, including UN officials, criticized the UN's humanitarian appeals process as overly focused on their own overhead costs, to the detriment of local NGOs.[543] A former UN official told SIGAR that the UN's approach of contracting individual projects to local NGOs at low reimbursement rates prevents those organizations from growing.[544]

According to former USAID Afghanistan Mission Director Patrick Fine, the agency has historically reimbursed local organizations for administrative costs at insufficient overhead rates because these organizations have rarely completed the "difficult and costly" process necessary to qualify for a negotiated individual cost rate agreement (NICRA). He describes that "arduous yearslong" process as requiring the devotion of "substantial expertise and resources." They are only reimbursed at the de minimus rate of 10 percent set by the Code of Federal Regulations. He has written that studies have shown that the true cost of implementing foreign assistance programming far exceeds this rate, as do the average government-approved administrative rates of their international counterparts.[545]

A report by the Foundation for the Defense of Democracies suggested that creating alternative channels for aid delivery, including providing support directly to successful NGOs, would also put pressure on the UN to improve its ability to prevent diversion.[546]

A USAID official told SIGAR that, in Syria, the agency reduced funding for the UN in 2023 and shifted it to pooled funding for NGOs, managed by an international NGO. Motivations for the shift included poor visibility into UN operations, inflexibility, congressional concerns about oversight, and geopolitics.[547]

When considering how to deliver humanitarian aid, policymakers face a choice between multilateral channels, such as UN agencies, multi-donor trust funds administered by NGOs, and aid provided directly from donors to NGOs.[548] Multi-donor trust funds facilitate donor coordination and prevent duplication of efforts, but they can also be slow-moving, bureaucratic entities with few grassroots connections.[549] An Australian government review of the World-Bank-administered Afghanistan Reconstruction Trust Fund concluded that its lengthy procurement procedures and inadequate implementation support resulted in delays which frustrated program implementers.[550]

A representative from a multi-donor fund explained the advantages of this kind of system to SIGAR: Because his organization does not depend on the UN for funding, "[we] go to UN only when they add value on a particular issue," like leveraging the International Labor Organization's expertise on child labor and existing relationship with a government.[551] He told SIGAR that this approach requires a higher staff-to-program-dollar ratio than having the UN manage the fund would, but the more labor-intensive management has enabled the organization to partner directly with local NGOs to a substantial degree.[552]

In contrast, aid provided directly from donors to implementing partners offers several distinct advantages. In politically sensitive contexts, such aid can be used to support specific initiatives or reach areas not accessible through multilateral channels, and in some cases can bypass problematic government actors entirely.[553] Moreover, shifting some funding away from the UN to directly fund either multi-donor trust funds or individual NGOs could also spur reforms within UN agencies seeking to regain lost trust.[554]

However, such a shift to more direct funding to NGOs would likely remain limited to international NGOs, at least until some of the impediments to directly funding local NGOs are addressed. According to former USAID Afghanistan Mission Director Patrick Fine, this would require three major changes: (1) new, less onerous grant award and management guidance from the Office of Management and Budget; (2) an increase in the de minimus overhead reimbursement rate that generally applies to local NGOs; and (3) for USAID to take responsibility for more of the risk management functions that it currently outsources to UN agencies, international NGOs, and large contractors.[555]

## Is the World Food Programme Too Big to Follow the Rules?

Interviewees were particularly critical of the "behemoth" WFP.[556] One expert in monitoring and evaluation described it as "too big to fail and too big to follow rules."[557] A former UN Office for the Coordination of Humanitarian Affairs official told SIGAR that it was very difficult to coordinate the WFP's work with the rest of the humanitarian response in Afghanistan because "they argue that humanitarian principles allow

[them] to deliver as much as possible, as fast as possible," and prioritize increasing aid delivery—and aid funding—over any coordinated strategy.[558] Additionally, as detailed on pages 18–19, SIGAR heard allegations from a number of sources about WFP staff extorting kickbacks from WFP contractors and sometimes collaborating with the Taliban to do so, as well as directing contracts to NGOs that they had personal affiliations and financial interests in.[559]

## Aid Suspensions Are a Useful Tool for Combating Diversion

Several U.S. government officials told SIGAR that aid suspensions are used infrequently, because they impose significant costs to needy people.[560] In 2024 an Afghanistan expert wrote "The humanitarian sector needs to be more willing to suspend.... aid operations."[561] However, a number of sources told SIGAR that beneficiaries also suffer when aid donors intended for them is diverted somewhere else.[562]

Temporary aid suspensions are not the same as simply eliminating or significantly reducing aid to an entire country context after a political estrangement—an action likely to have far more negative consequences. Rather, these are deliberate, strategic decisions meant to deter bad actors and ultimately protect a population.[563] For example, in the 1980s, U.S. officials reported finding remarkably little diversion of food aid in Marxist Ethiopia, because the Ethiopian government "knows aid shipments will be cut off at the first sign of abuse."[564]

According to internal USAID memos about the U.S. decision to partially suspend aid to parts of Yemen controlled by the Houthis in 2020, the more suspensions can be coordinated among major donors and the UN, the more impact they have in ensuring that aid reaches the neediest.[565]

Afghans sit on food donations in the back of a pick-up before distributing to needy families in Nawa District, Helmand Province, in September 2010. (Marine Corps photo by Sgt. Mark Fayloga)

## Yemen: Example of an Aid Suspension That Worked

Aid suspensions have shown to be an effective strategy to stop aid diversion in real time and to deter future aid diversion. In the late 2010s, the United States paused funding to multiple programs in Houthi-controlled regions of Yemen, including $65 million in NGO awards, in response to Houthi diversion and the group's announcement that they were imposing a new 2 percent tax on aid.[566] The U.S. government, other donors, the UN, and NGOs tried several strategies to address diversion, including stricter oversight through third-party monitoring, biometric tracking for aid distribution, and diplomatic engagement with Houthi leadership.[567] Ultimately, Houthi authorities did not uphold their political commitments and diversion continued.[568]

The essential nature of aid to these regions made it difficult to suspend, but the severe interference into aid delivery was already contributing to the human suffering.[569] WFP third-party monitors began reporting major incidents of diversion in 2018. In response, the agency suspended aid in 2019.[570] Problems continued. In January 2020, a group of international NGOs sent a letter to donors detailing continued interference and diversion by the Houthis. In response to the letter, donors agreed to tell the Houthis that this was unacceptable.[571] The United States attempted to coordinate a joint aid suspension with the UN, European Union, and other major donors, such as Germany. U.S. efforts succeeded in rallying the donor community around a set of six shared "red lines," including removing the tax, striking some unacceptable clauses to required agreements, instituting better oversight, and instituting such reforms as requiring biometric registration for aid recipients. Donors also formed a technical monitoring group on aid diversion.[572] However, to the chagrin of U.S. officials, the UN ultimately delegated decisions about whether to suspend programming to its individual agencies, and other donors failed to join the United States in suspending aid.[573] According to a State Department memo about the failed attempt to achieve a broader aid suspension, the UN's Emergency Relief Coordinator's "lack of leadership in coordinating this effort weakens the leverage we would otherwise have with the Houthis."[574]

The United States ultimately suspended aid to Houthi-controlled parts of Yemen in March of 2020.[575] This included all U.S. government funding for humanitarian aid, except funds designated for human rights and demining, acute malnutrition, cholera treatment, and limited food assistance.[576] The U.S. government faced public pushback for the suspension.[577] However, when the suspension was lifted in March of 2021, aid workers felt there had been "an improved environment" for previously impeded aid delivery, including progress on the removal of unacceptable clauses to required agreements, approval for travel, and access for program assessments.[578] Aid suspensions have since been used as leverage against Houthi-diversion on at least two other occasions, and by February 2024, the U.S. government began rerouting all U.S. humanitarian assistance to areas controlled by the Yemeni government through Aden and Mukalla ports.[579] While results of these aid suspensions have been imperfect, they are the best example of attempts to "do the right thing" when managing the unchecked and harmful impacts of aid diversion.[580]

Aid suspensions in Ghor Province in 2023 by the U.S. government and United Nations may not have been well coordinated. In mid-January of that year, the UN's humanitarian coordinator informed the governor of Ghor that food assistance operations in the province would be halted due to "worrisome irregularities," including the "systematic [collection] of a huge percentage of humanitarian supplies and cash," to finance a road construction project.[581] One NGO official SIGAR interviewed concurred that the provincial governor had been trying to fund a road project.[582] An Afghan investigative journalism outlet found that UNICEF's food distributions were paused a second time that year in April, temporarily halting delivery to 40,000 needy families.[583] Then, in May State Department spokesman Matthew Miller announced a suspension of U.S food aid operations in parts of the province. In his briefing, he noted that the World Food Programme had suspended distribution in two districts in Ghazni province from January to April.[584]

## Possible Alternatives to Cash Flights: Hawalas and Tankhaa

As a former U.S. Institute of Peace Afghanistan expert wrote in Lawfare, "UN cash shipments—originally seen as a temporary expedient—are both costly and risky. William Byrd described a layered system wherein "cash shipments incur substantial costs at every stage of the process: conversion of bank funds into cash dollars in Europe, cost of air shipment, security costs, administrative overheads and bank charges and so on." The shipment system is also fragile, and any security incident or other disruption that could cause a pause would wreak havoc with the humanitarian system.[585]

Hawalas are a viable alternative, although they lack transparency. Most financial transactions in Afghanistan are conducted through the hawala system, since roughly 85 percent of Afghans have no bank account.[586] This concentration of financial activity in the unregulated private sector is common in hostile contexts.[587]


Afghan National Defense and Security Forces and the NATO Resolute Support Mission provide aid and assistance to the victims of floods in the eastern province of Parwan in August 2020. (NATO photo)

### What Are Hawalas?

Hawala means "transfer" in Arabic, and the hawala system is a centuries-old remittance system used around the world.[588] Currency traders are also known as hawala dealers, or *hawaladar*.[589] Treasury defines hawaladar as individual brokers within an informal money transmission network (hawala system) that arrange for the transfer and receipt of funds or equivalent value and settle their accounts through trade and cash.[590]

According to the Georgetown Security Studies Review, "Hawalas serve as a wire transfer equivalent throughout Central and South Asia, the Middle East, and North Africa. Unlike traditional banking systems, money does not move across auditable, electronic pathways; rather, a complex network of human brokers transfer funds through telephone calls, faxes, and currency exchanges, capable of delivery across the world within hours. The absence of legal contracts, detailed records, and identification requirements eliminates the potential for a paper trail; this cheap, fast system is free of government regulation and, in some states, [is] considered more reliable than formal banking institutions."[591]

Hawalas often offer more competitive rates than banks, and can usually complete a transaction within one day, compared to a week or more for an international bank transfer.[592] Other reasons for their popularity are less innocent: The absence of a paper trail can facilitate tax evasion, money laundering, and terrorist financing.[593]

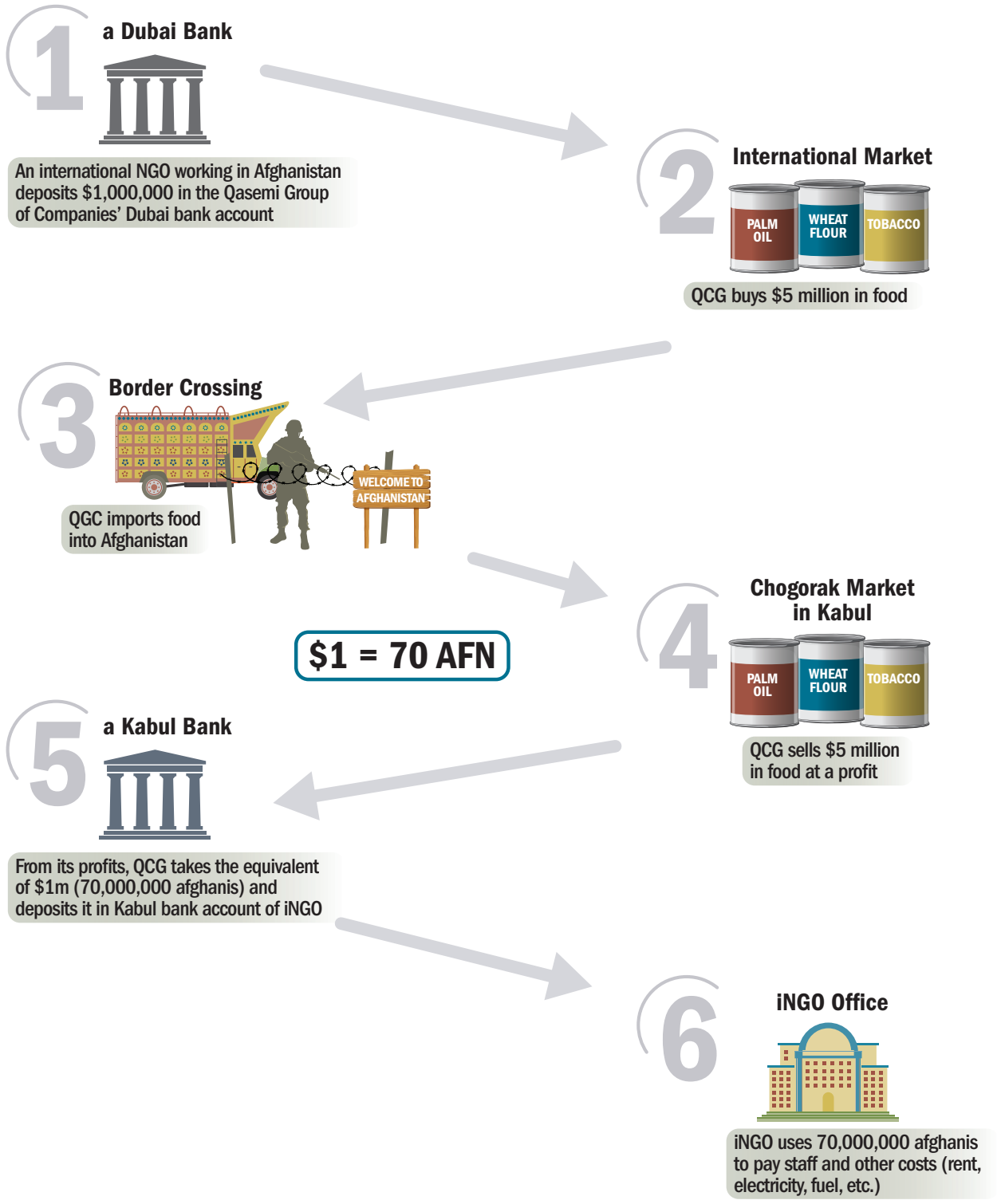
With wire transfers into and out of Afghanistan suspended after the Taliban takeover in the fall of 2021 and the Afghan economy nearing collapse, the aid sector was forced to rely extensively on hawalas.[594] One NGO official told SIGAR that although some donors accepted this, others only did so reluctantly.[595] Among U.S. agencies, attitudes toward hawalas differ. One USAID official said implementing partners of some agencies rely on hawalas, but officials at Treasury want to prevent their use.[596]

However, relying on Afghanistan's formal banking sector carries its own risks. The reputation of the country's banking sector has yet to recover from the 2010 Kabul Bank scandal, in which the bank's leadership and a handful of political elites embezzled nearly $1 billion via fraudulent loan schemes.[597] The country director for an Afghan NGO told an Afghan NGO forum, that, particularly in light of the fall 2021 freeze on international transfers, hawalas are "the most resilient form of money transfer in Afghanistan."[598]

An alternative mechanism for getting funding into the country, called Tankhaa, emerged almost immediately after the Taliban takeover. Tankhaa is a partnership between 21 humanitarian organizations and an Afghan company, the Qasemi Group of Companies (QGC), which imports food, fuel, and agricultural products. International NGOs working in Afghanistan take out a short-term loan in afghanis from QGC's Kabul-based food division, and the international affiliates of those NGOs repay the loans in dollars to the QGC's offices in the United Arab Emirates. That office uses the dollars to buy food imports needed by its Kabul-based food division; the local NGOs use the afghanis from their short-term loans to pay salaries and other operating costs.[599] "The system operates without a competent, credible, or capable financial regulator overseeing the mechanism in Afghanistan, which may present additional illicit finance risks."[600]

FIGURE 3

Tankhaa: An Alternative Mechanism for Getting Money into Afghanistan



An Afghan businessman familiar with the Tankhaa mechanism told SIGAR that the scheme keeps overhead costs low. He said that Tankhaa charges customers 3 to 5 percent, depending on whether recipients are in Kabul or elsewhere in the country. He said that it is currently operating at a relatively small scale of $3 to $4 million per month.[601]

Tankhaa could theoretically be expanded by including additional companies importing goods into Afghanistan or remittances going into the country. However, if it the expansion were sufficient to reduce or eliminate the need for the UN's cash flights, it would come with major drawbacks. Because the flights create significant demand for the afghani, any reduction in cash flights would put downward pressure on the value of the afghani, which would cause inflation.[602] Because a significant portion of the food in Afghanistan is imported—particularly wheat flour—inflation would drive up the price of this food staple for millions of Afghans already experiencing emergency levels of food insecurity.[603]

QGC says it received guidance from the U.S. Treasury's Office of Foreign Assets Control and the United Kingdom's Office of Financial Sanctions Implementation that Tankhaa does not fall under sanctions.[604] However, that does not mean that it could not be misused. The scheme converts afghanis held by QGC inside the country into dollars outside and could be used to move the proceeds from illicit activities out of the country.[605]

The World Bank has proposed a mechanism similar to Tankhaa, called the Humanitarian Exchange Facility, to replace the cash flights.[606] So far, however, the Taliban have opposed any mechanism which would reduce their access to dollars and the profit they can make exchanging them for afghanis.[607] According to an Afghan businessman in the banking sector, any plans that involve bypassing the central bank would reduce the flow of dollars into the country, devaluing the value of the afghani and driving up the price of food.[608]

SIGAR found that, while aid diversion is a challenge in both friendly and hostile countries, it is much more problematic under regimes like the Taliban, because of the way it tends to enrich and entrench them, undermining U.S. interests. The Taliban use every means at their disposal, including force, to ensure that aid goes where they want it to, as opposed to where donors intend. For example, the Taliban use their regulatory power to authorize which NGOs may operate, and under what conditions. They block and redirect aid to ensure that food goes to Pashtun communities and not to Hazara or Tajik communities. They also refuse to allow NGOs to operate unless they hire Taliban-affiliated businesses, hire Taliban members, or partner with Taliban-owned NGOs.

CHAPTER 6

# CONCLUSION

Afghan children watch U.S. Marines in their village during a security patrol in December 2011. (U.S. Marine Corps photo by Cpl. Reece Lodder)

SIGAR found that the global system of delivering aid to people living under hostile regimes, like the Taliban, is broken. The system is costly and overly complex, involving multiple onion-like layers of UN agencies, NGOs, and subcontractors. Each layer drives up costs, reducing the benefit to intended recipients like the Afghan people. Each layer also creates new opportunities for malign actors to divert aid or otherwise engage in corruption. The multitude of layers reduces overall transparency and makes it difficult for aid to be adjusted or modified in response to changing needs or conditions.

The Taliban's constant demand for payment greatly reduces the amount of aid that actually reaches the population. One NGO official described it as "going down a staircase, and every single step, there's a tax." An implementing partner estimated that after all the layers of taxes, fees, bribery, and extortion, "maybe around 30 to 40 percent" of donor funds reaches the population. According to the U.S. Institute of Peace, the Taliban are likely to increasingly view the UN as a source of revenue.

According to ten SIGAR sources, who were interviewed individually and represent a variety of backgrounds and perspectives, companies and NGOs seeking contracts from the UN must pay kickbacks to UN officials to secure these awards. These individuals included a current UN official, a former senior Afghan government official, a businessman, an Afghan civil society activist, an implementing partner, and staff of companies and NGOs with UN contracts. They described an environment in which

corruption is pervasive. Some interviewees told SIGAR that UN officials sometimes collude with Taliban officials to demand these payoffs, meaning that the Taliban are benefiting from UN corruption.

The U.S. government outsources much of the responsibility for mitigating the risks of diversion and corruption to its implementing partners. But aid is an industry like any other, and implementing partners are often in fierce competition with each other over U.S. funding. The U.S. government also puts pressure on its partners to deliver aid to more people, faster, and in harder-to-reach areas. This incentivizes them to more quickly agree to Taliban demands, in exchange for permission to do their jobs. When one aid organization accedes to regime demands, it reduces the ability of the others to resist.

In the current system, aid organizations are incentivized to cover up or not report diversion. Officially, donors maintain that none of their money is going to the Taliban. In reality, the pressure to be viewed as credible in order to continue receiving the funding necessary to operate can lead aid organizations to conceal how much of their aid is diverted. Moreover, donors provide little support to the organizations that implement aid programs and face diversion risks.

The U.S. government's tendency to pass substantial amounts of its aid to countries with hostile regimes through the UN may also be counterproductive. Because the UN is large enough to make its own decisions about how it engages with hostile regimes, the United States and other donors may find themselves funding UN agencies that are out of alignment with their goals. A USAID official described the UN's compliance with the diversionary demands of one hostile regime (not named to protect the interviewee's identity) as "WFP, OCHA, and other UN bodies … actively working against U.S. foreign policy objectives—and using a lot of U.S. government money to do it."

Prior to the State Department's decision to shut off most aid to Afghanistan in 2025, the majority of that funding was humanitarian. This is often the case for aid provided to people living under hostile regimes, because extreme poverty is increasingly concentrated in these places. Humanitarian aid is intended to allow for a rapid, life-saving response to emergencies. As a result, humanitarian aid is subject to fewer U.S. laws and regulations than development aid, which is intended to build enduring systems and structures over a longer-period. However, in recent decades, the United States has tended to provide humanitarian aid for many years to places like Afghanistan. What this means is that the United States often has the least oversight in the places where it needs it the most.

The United States stopped most aid to Afghanistan. However, it is likely that it will continue to provide some form of assistance to people living in countries ruled by hostile regimes, like Gaza. In our January 2022 *Quarterly Report to the United States Congress*, SIGAR presented the following best practices for foreign assistance that are still relevant today:

1. Establish a clear purpose for the aid.
2. Insist that any organization receiving U.S. funding is fully transparent, so we know where our money went and how it was used.
3. Set a tolerable level of risk and be ready to end an activity if that risk becomes too great.
4. Keep track of how money is used and regularly reassess to see if activities are actually helping people.
5. Determine clear, relevant metrics that measure actual outcomes, not just how many dollars were spent or how many people participated in some program.
6. If an activity is going poorly, make course corrections and be prepared to pull the plug.
7. Third-party monitors are necessary, but the U.S. government should be diligent in evaluating them and their standards.
8. Adapt to the evolving situation on the ground, where one size does not fit all situations.
9. Seek smart opportunities to condition aid.
10. Look for activities that the recipients can eventually sustain without outside support.

## RECOMMENDATIONS

To ensure that any future foreign assistance to Afghanistan—or other countries or territories with similar conditions—is effective, SIGAR makes the following three recommendations:

1. To ensure that aid benefits both taxpayers and beneficiaries and is not wasted by the UN, the Secretary of State should ensure that U.S. agencies administered by the Secretary—namely the Department of State, USAID, or former USAID entities—involved with providing, administering, or auditing the aid have full access to UN performance and financial reporting and the right to conduct unrestricted and unannounced site visits and/or utilize third-party monitors for U.S.-funded projects. This should apply to all types of aid including emergency and humanitarian aid provided in response to a disaster or other crisis.
2. As shown in this report, aid passes through numerous UN agencies and NGOs that each deduct administrative costs before it reaches beneficiaries. Therefore, the Secretary of State should limit the number of organizations that aid passes through before reaching beneficiaries. This may require regulatory, oversight, funding cycle, procurement, and staffing reforms.
3. As part of the ongoing reorganization of the Department of State and reform of foreign assistance, the Secretary of State should ensure that Department staff administering aid receive training in risk management and the mitigation of aid diversion—two critical functions for which State is ultimately responsible.


# APPENDICES

## METHODOLOGY

Private security contractors protect the construction of the Khost-Gardez road, on March 30, 2010. (USAID photo)

Our lessons learned reports synthesize not only the body of work and expertise of SIGAR, but also that of other oversight agencies, government entities, academic institutions, independent scholars, and current and former officials with on-the-ground experience.

This report examines the challenges faced by the United States, other donors, the UN, and NGOs in delivering aid to people living under the Taliban and other regimes that many donors do not recognize, and which for purposes of this report we refer to as "hostile." Congress and USAID's Office of Inspector General have repeatedly expressed concerns about the risk of aid diversion in Afghanistan and similar contexts.

SIGAR conducts its lessons learned program under the authority of Public Law 110-181 and the Inspector General Act of 1978, as amended. This report was completed in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Federal Offices of Inspector General* (commonly referred to as "the Blue Book"). These standards require that we carry out our work with integrity, objectivity, and independence, and provide information that is factually accurate and reliable. SIGAR's lessons learned reports are broad in scope and based on a wide range of source material. To achieve the goal of high quality and to ensure our reports are

factually accurate and reliable, the reports are subject to extensive internal and external review, including by relevant U.S. government agencies.

SIGAR derived this report's definition of "hostile" from the definition of "politically estranged" regimes in the Chatham House and New York University's Center on International Cooperation report entitled "Aid Strategies in 'Politically Estranged' Settings." To be considered hostile/politically estranged, a regime had to be sanctioned by the United States and/or the UN and meet one or more of the following criteria:

- States in which the authorities have gained or retained power through unconstitutional means, such as Afghanistan, Houthi-controlled territories of Yemen, South Sudan, or Sudan.
- States in which there has been a contested election and in which a significant number of donor states do not recognize the party claiming victory, or states in which they prohibit interaction with the party claiming victory, such as Gaza and Syria under the Assad regime.

In these contexts, ruptured political relations create practical and legal challenges for development partnerships, diplomatic representation is often reduced or withdrawn, and a significant portion of aid tends to be humanitarian and flows through multilateral organizations such as the UN and the World Bank.

This report discusses the challenges faced by donors, the UN, and NGOs in delivering aid to Taliban-controlled Afghanistan, as well as to several comparison countries. These countries were selected because they:

- Appeared in the list of top 20 recipients of net official development assistance in fiscal year 2021;
- Are ruled in part or in whole by regimes that are politically estranged from the United States and often other major Western donors;
- Are currently experiencing or have recently experienced conflict; and
- Could be studied based not only on prevailing documentary evidence, but also on the Lessons Learned Program's preexisting network of contacts.

Using the Chatham House criteria, SIGAR concluded that 8 of the top 20 countries and territories receiving aid from all donors in fiscal year 2021 were hostile/politically estranged: Afghanistan, the Democratic Republic of the Congo, Ethiopia, South Sudan, Sudan, Syria, the Gaza Strip, and Yemen. We chose not to focus on Ethiopia, because the outbreak of the Tigray War was so recent when work on this report started that there was little open-source analysis on which to base a literature review compared to other countries. We chose not to focus on the Democratic Republic of the Congo because, compared to the other contexts, the Lessons Learned Program team did not have sufficient contacts there with which to jump-start the interviewing process. Another factor in limiting the comparison contexts was the need to keep the number manageable. The five comparison contexts referenced in this report are: the Gaza Strip, South Sudan, Sudan, Syria before the fall of the Assad regime in 2024, and Houthi-controlled territories of Yemen.

This report drew upon a wide array of sources including publicly available documents, such as U.S. government reports by USAID, State, and SIGAR; congressional testimony; public statements and press comments by U.S. government officials; U.S. regulations; reports by other entities including the UN, the World Bank, the European Union, the United Kingdom, and the Netherlands; and various relevant think tank reports, among others. SIGAR also relies on its access to material that is not publicly available, including thousands of documents provided by U.S. government agencies, from strategies and unclassified cables to program reports, internal memos, and emails.

The report also draws heavily on nearly 90 interviews with U.S. government and other donor officials, NGO officials, experts on Afghanistan and the comparison countries, and private sector individuals working in aid delivery and implementation in Afghanistan. Interviews were directly requested by SIGAR with individuals whose work was relevant to the aims of the report or who work, or have previously worked, for agencies and NGOs associated with aid delivery and assistance in Afghanistan. Additionally, snowball (also known as chain-referral) sampling was used, in which each interviewee recommended other knowledgeable sources to interview. This approach has two advantages. First, the experts identified by other experts are more likely to be well-versed in our research topic. Second, in our team's experience, these people are more likely to agree to an interview. We recognize the risk that snowball sampling may introduce bias into our pool of interviewees. Therefore, we also approached potential interviewees through LinkedIn, based on their experience and expertise.

Conducting interviews on a politically sensitive topic such as aid diversion requires safeguards to both protect interviewees and validate the information provided. Confidentiality and anonymity were maintained by referring to interviewees as "donor official," "an implementing partner," "NGO official," or the like when this was requested by interviewees. The validity of interviewees was checked by cross-referencing individuals' identities with social media, mutual contacts, and the websites of organizations with whom interviewees are employed.

All participants bring personal motivations and biases to interviews, as do their employing organizations. In fact, several organizations have sought to prevent their staff from being interviewed by SIGAR or tried to prevent interviews from being conducted on a not-for-attribution basis, which is essential to permit interviewees to speak frankly and without risks to their career or safety. To paint as accurate a picture of aid diversion as possible, the SIGAR team continually assessed the validity of interviewee accounts by comparing them with one another, as well as to public and nonpublic documentary evidence.

This report would not be possible without the willingness of interviewees to share their experience, knowledge, and wisdom with the SIGAR team. Their interviews are used extensively in this report and provide insights into the operation of aid diversion practices in Afghanistan unobtainable by an analysis of publicly available documents alone. SIGAR is especially indebted to the Afghans still in Afghanistan who assumed great risk to expose corruption and diversion and to fight for a future in which more aid reaches the most vulnerable.

# APPENDIX II: COMMENTS FROM THE DEPARTMENT OF STATE

United States Department of State

Washington, DC 20520

UNCLASSIFIED

July 10, 2025

**Memorandum for Acting Inspector General Aloise**

FROM: SCA/FO DAS Mary Bischoping
F/FO Ryan Shrum

SUBJECT: Comments for SIGAR of draft report entitled: "A Broken AID System: Delivering U.S. Assistance to Taliban-Controlled Afghanistan."

The Department of State appreciates the opportunity to review SIGAR's draft report and to provide comments. During his first 100 days, President Trump ordered the suspension of any U.S. assistance funding that could possibly reach the hands of the Taliban, which the Department has implemented. Accordingly, while the Department does not agree with all of SIGAR's findings and conclusions, the report correctly highlights the Administration's longstanding and credible concerns that U.S. foreign assistance funding was previously benefitting the Taliban, a Specially Designated Global Terrorist group. The Department is committed to ensuring every dollar spent on U.S. foreign assistance makes America safer, stronger, or more prosperous.

The Department also expresses condolences to the family of the interviewee who was captured and killed by the Taliban. This death reiterates the personal bravery and protection challenges associated with exposing fraud in Afghanistan.

After thoughtful consideration of the SIGAR's recommendations, the Department has the following response:

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**Recommendation 1:** To ensure that aid benefits both taxpayers and beneficiaries and is not wasted by the UN, the Secretary of State should ensure that all U.S. agencies involved with providing, administering, or auditing the aid have full access to UN performance and financial reporting and the right to conduct unrestricted site visits or utilize third-party monitors for U.S.-funded projects. This should apply to all types of aid including emergency aid provided in response to a disaster or other crisis.

**Management Response (07/07/25):** While the Department generally concurs with the intent of SIGAR's recommendation, we respectfully request the modification of the recommendation to read:

SIGAR Comment 1

> To ensure that aid benefits both taxpayers and beneficiaries and is not wasted or abused by the UN, the Secretary of State should ensure that U.S. agencies administered by the Secretary – namely the Department of State, USAID, or former USAID entities – involved with providing, administering, or auditing the aid have full access to UN performance and financial reporting and the right to conduct unrestricted and unannounced site visits and/or utilize third-party monitors for U.S.-funded projects. This should apply to all types of aid including emergency and humanitarian aid provided in response to a disaster or other crisis.

Further, SCA will look at this recommendation's applicability to other contract and grants that it may issue in the future, not just contracts and awards focused on Afghanistan.

**Recommendation 2:** As shown in this report, aid passes through numerous UN agencies and NGOs that each deduct administrative costs before it reaches beneficiaries. Therefore, the Secretary of State should limit the number of organizations that aid passes through before reaching beneficiaries. This may require regulatory, oversight, funding cycle, procurement, and staffing reforms.

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**Management Response (07/07/25):** The Department concurs with SIGAR's recommendation. Contracting and grants officers as well as contracting and grants officer's representatives managing programs will be directed to integrate these recommendations throughout the entire awards process, especially when drafting award solicitations, statements of work/need during pre-award negotiations, and in final grant award/contract documents.

Further, SCA will look at this recommendation's applicability to other contracts and grants that it may issue in the future, not just contracts and awards focused on Afghanistan.

**Recommendation 3:** As part of the ongoing reorganization of the State Department and reform of foreign assistance, the Secretary of State should ensure that staff responsible for administering aid receive training in risk management and the mitigation of aid diversion and that responsibility for these critical roles is not outsourced to implementing partners.

**Management Response (07/07/25):** While the Department generally concurs with the intent of SIGAR's recommendation, we respectfully request the recommendation be modified to read: **SIGAR Comment 2**

> As part of the ongoing reorganization of the Department of State and reform of foreign assistance, the Secretary of State should ensure that Department *and* implementing organization staff responsible for administering aid receive training in risk management and the mitigation of aid diversion and that responsibility for these critical roles is shared with implementing partners through improved monitoring and oversight.

The Department will ensure that any foreign assistance management training programs are revised from time to time, as appropriate, to ensure these topics are thoroughly covered. The Department can work to ensure that its staff are appropriately trained to evaluate mitigation plans proposed

by implementers, but also notes that mitigation of aid diversion is a key responsibility of implementing partners who directly manage award funds to contract with local vendors, suppliers, and others for items and services necessary for award implementation.

The Department has enclosed additional technical comments.

## SIGAR's Response to Comments from the Department of State

**SIGAR Comment 1:** SIGAR incorporated State's suggested edits.

**SIGAR Comment 2:** State's preferred language for Recommendation 3 reflects the view that ensuring adequate monitoring and risk management of U.S.-funded projects is a responsibility shared between State and implementing organizations. Although SIGAR agrees that both State and its implementers bear responsibility for mitigating diversion risk, it disagrees that responsibility should be fully "shared." Accordingly, the final version of Recommendation 3 reflects SIGAR's view that State is ultimately responsible for the efficacy of its assistance programs.

# APPENDIX III: ABBREVIATIONS

| Abbreviation | Meaning |
|---|---|
| CRS | U.S. Congressional Research Service |
| CSIS | Center for Strategic and International Studies |
| GDI | General Directorate of Intelligence |
| IARCSC | Independent Administrative Reform and Civil Service Commission |
| IASC | UN Inter-Agency Standing Committee |
| IMF | International Monetary Fund |
| MERIP | Middle East Research and Information Project |
| MOU | Memorandum of understanding |
| NGO | Non-governmental organization |
| NICRA | Negotiated international cost rate agreement |
| NRC | Norwegian Refugee Council |
| OCHA | UN Office for the Coordination of Humanitarian Affairs |
| OFAC | Office of Foreign Assets Control (U.S. Treasury) |
| QGC | Qasemi Group of Companies |
| RSF | Rapid Support Forces |
| SSP | South Sudanese pounds |
| UNDP | UN Development Programme |
| USAID OIG | U.S. Agency for International Development Office of Inspector General |
| WFP | World Food Programme |

# ENDNOTES

1 The U.S. cut aid to Afghanistan in two tranches: almost all aid was cut in April 2025 and the two remaining education programs ended in June 2025. This $3.8 billion figure represents disbursed funds. USAID official, response to SIGAR datacall, June 13, 2025; SIGAR, *Quarterly Report to the United States Congress*, April 30, 2025, p. i.

2 SIGAR, *Why the Afghan Government Collapsed*, SIGAR 23-05-IP, November 15, 2022, pp. 30, 32, 33; SIGAR, *Corruption in Conflict: Lessons from the U.S. Experience in Afghanistan*, SIGAR 16-58-LL, September 1, 2016, pp. ii, 4, 6, 18-20.

3 SIGAR, *Corruption in Conflict: Lessons from the U.S. Experience in Afghanistan*, SIGAR 16-58 LL, September 2016, pp. 4, 6, 18-19, 56-57; SIGAR, *Elections: Lessons from the U.S. Experience in Afghanistan*, February 2021, SIGAR 21-16-LL, p. 97; SIGAR, *Stabilization: Lessons from the U.S. Experience in Afghanistan*, SIGAR 18-48-LL, May 2018, p. 64; SIGAR, *The Risk of Doing the Wrong Thing Perfectly: Monitoring and Evaluation of Reconstruction Contracting in Afghanistan*, SIGAR 21-41 LL, July 2021, p. 13.

4 World Bank Group, "World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025," February 26, 2020, p. 2; Sarah Cliff, Renata Dwan, Betty Wainaina, and Leah Zamore, "Aid Strategies in 'Politically Estranged' Settings," Chatham House International Security Programme and New York University's Center for International Cooperation, April 2023, p. 4.

5 According to the World Bank, approximately two-thirds of the world's extreme poor will be living in "fragile and conflict-affected contexts by 2030. Half of the population in these places also live under regimes that many donors consider hostile, according to a Chatham House and New York University's Center for International Cooperation analysis of World Bank data. Rather than using the term "hostile," the report uses the phrase "politically estranged." "Politically estranged" is a term used to describe regimes that are not recognized by donors. In order to be considered politically estranged, a regime had to be facing comprehensive sanctions by the United States and/or the UN and meet one or more of the following criteria: (1) States in which the authorities have gained or retained power through unconstitutional means, such as Afghanistan, Houthi-controlled territories of Yemen, or Sudan; (2) States in which there has been a contested election and in which a significant number of donor states do not recognize the party claiming victory or states in which they prohibit interaction with the party claiming victory, such as Gaza and Syria under the Assad regime. World Bank Group, "World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025," February 26, 2020, p. 2; Sarah Cliff, Renata Dwan, Betty Wainaina, and Leah Zamore, "Aid Strategies in 'Politically Estranged' Settings," Chatham House International Security Programme and New York University's Center for International Cooperation, April 2023, p. 5.

6 Secretary of State Marco Rubio Before the House Committee on Foreign Affairs on the FY26 Department of State Budget Request, Department of State website: https://www.state.gov/secretary-of-state-marco-rubio-before-the-house-committee-on-foreign-affairs-on-the-fy26-department-of-state-budget-request/ (accessed June 25, 2025).

7 For example, the Dutch government's foreign policy strategy from 2018 to 2022 emphasized that addressing terrorist threats and irregular migration were among the country's top priorities in fragile and conflict-affected contexts. Likewise, the United Kingdom lists mitigating the threat of terrorism and stemming refugee flows as its top two goals in Afghanistan. Policy and Operations Evaluations Department (IOB), "IOB Evaluation Inconvenient Realities: An evaluation of Dutch contributions to stability, security and rule of law in fragile and conflict-affected contexts," Ministry of Foreign Affairs of the Netherlands, August 2023, p. 15; United Kingdom Commission for Aid Impact, "UK aid to Afghanistan Information note," May 2023, p. 8.

8 World Bank Group, "World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025," February 26, 2020, p. viii, 27.

9 UN High Commission for Refugees website: https://www.unhcr.org/refugee-statistics/data-summaries (accessed April 9, 2025); Sarah Cliff, Renata Dwan, Betty Wainaina, and Leah Zamore, "Aid Strategies in 'Politically Estranged' Settings," Chatham House International Security Programme and New York University's Center for International Cooperation, April 2023, p. 7; Hardin Lang, "Fit for Purpose: Getting Humanitarian Aid Right in Afghanistan One Year after the Taliban Takeover," Refugees International, August 2022, p. 9.

10 As of 2017, the average length of refugee displacement was 26 years. Marina Caparini and Anders Reagan, "Connecting the dots on the triple nexus," Stockholm Peace and Security Institute, November 29, 2019.

11 According to a 2018 USAID inspector general's report: "The nonpermissive areas where USAID operates around the world create a perfect storm for bad actors to take advantage of…and divert foreign assistance funds and aid from the millions of people who need it most." The office issued an alert in September 2021 warning that Taliban interference poses significant challenges and documenting two instances in which the regime diverted or co-opted U.S.-funded aid. At least two of the inspector general's annual "Top Management Challenges" reports issued since August 2021 have contained concerns about Afghanistan. Between 2021 and 2023, the inspector general's office also issued reports warning of risks to humanitarian aid in Gaza, Syria under the Assad regime, and Yemen. Members of the House Foreign Affairs Committee asked similar questions about oversight of aid to Afghanistan in hearings in May 2023 and November 2023. "House Foreign Affairs Committee Holds Hearing on State of American Influence in 2023," *Congressional Quarterly*, transcript, May 17, 2023, electronic p. 4; Rep. Michael McCaul, "Examining the Biden Administration's Afghanistan Policy Since the U.S. Withdrawal," remarks before the House Foreign Affairs Committee, November 14, 2023, pp. 24, 36, 42-44, 46-47, 53; USAID Office of Inspector General, "Top Management Challenges Facing USAID in Fiscal Year 2022,", n.d., p. 2; USAID Office of Inspector General, "Situational Alert on Future Aid to Afghanistan," September 14, 2021; USAID, "Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk," AR-8-000-18-003-P, Office of the Inspector General, September 5, 2018, p. 21; USAID, "Top Management Challenges Facing USAID in Fiscal Year 2022," Office of the Inspector General, n.d., p. 2; USAID, "Top Management Challenges Facing USAID in

Fiscal Year 2023," Office of the Inspector General, n.d., p. 14; USAID, "Responsibility to Identify and Report Potential Diversion of U.S Humanitarian Aid to Hamas and Other Foreign Terrorist Organizations," Office of the Inspector General, November 2023, p. 1; USAID, "Weaknesses in Oversight of USAID's Syria Response Point To the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance," AR-8-000-21-001-P, Office of the Inspector General, March 4, 2021, p. 4; USAID Office of Inspector General, "Humanitarian Assistance in Yemen: Opportunities Exist for USAID to Further Strengthen Its Risk Management Process," August 23, 2022, p. 11.

12 USAID Office of Inspector General, "Situational Alert on Future Aid to Afghanistan," September 14, 2021.

13 James E. Risch, ranking member, and Robert Menendez, chairman, Senate Foreign Relations Committee; Michael T. McCaul, ranking member, and Gregory W. Meeks, chairman, House Foreign Affairs Committee, letter to President Biden, January 11, 2022, p. 2.

14 Ashley Jackson and Nisar Majid, "Time for Change: The Normalization of Corruption and Diversion in the Humanitarian Sector," Centre on Armed Groups, April 17, 2024, p. 2.

15 This calculation reflects disbursements. SIGAR, *Quarterly Report to the United States Congress*, January 30, 2025, p. 103.

16 "Follow the Money: U.S. Global Development Spending," UnLock Aid website: https://www.unlockaid.org/follow-the-money (accessed January 21, 2025); Transcript of "Where does foreign aid go and does it make an impact?," Public Broadcasting Service website: https://www.pbs.org/newshour/show/where-does-u-s-foreign-aid-go-and-does-it-make-an-impact-2 (accessed January 17, 2025).

17 Ashley Jackson, "Aid Diversion in Afghanistan: Is it time for a Candid Conversation?", Afghanistan Analysts Network, September 2023, p. 25; Norwegian Refugee Council, "Weathering the Storm: Why and how development financing actors should stay engaged during political crises," February 2024, pp. 18, 20; Ashley Jackson and Nisar Majid, "Time for Change: The Normalization of Corruption and Diversion in the Humanitarian Sector," Centre on Armed Groups, April 17, 2024, p. 16; George Ingram, "Locally driven development: Overcoming the obstacles," Center for Sustainable Development at Brookings, Brookings Global Working Paper #173, May 2022, p. 8; Patrick Fine, "USAID Can't Go It Alone on Localization," Brookings, February 5, 2024.

18 UN OCHA, "Afghanistan Humanitarian Fund 2023 Annual Report," undated, p. 6.

19 According to a report by NYU's Center on International Cooperation, it is a conflict of interest for the United Nations Development Programme to administer the body that awards funding for the Area Based Approach to Development Emergency Initiatives (ABADEI) program and give some of that funding to itself. Paul Fishstein and Aman Farahi, "The World's Humanitarian, Economic, and Political Engagement with the Taliban," New York University Center on International Cooperation, January 2023, p. 29.

20 These administrative costs are also known as overhead costs, indirect costs, project support costs, or operations costs. According to Congressional Research Service, "Indirect costs" include an implementing partner's central office expenses, including management and administrative labor wages, fringe benefits such as annual leave, office rent for the central office (whereas project office rents are directly allocable to the activity), and accounting software, among other costs. Congressional Research Service, "Foreign Assistance: Where Does the Money Go?," R48150, August 8, 2024, p. 19; SIGAR, *Public International Organizations in Afghanistan: State and USAID Agreements with PIOs Need Strengthening to Ensure U.S. Funds are Not Diverted to Terrorist Group*, SIGAR 25-16-AR, March 10, 2025, p. 5; Ashley Jackson, "Aid Diversion in Afghanistan: Is it time for a Candid Conversation?," Afghanistan Analysts Network, September 2023, p. 25; Paul Fishstein and Aman Farahi, "The World's Humanitarian, Economic, and Political Engagement with the Taliban," NYU Center on International Cooperation, January 2023, p. 30.

21 (Since January 1, 2017, the World Bank has charged 4 percent on most grant funds, but 17 percent on certain expenses, like consultant services.) State official, response to SIGAR datacall, July 11, 2025. SIGAR, *Public International Organizations in Afghanistan: State and USAID Agreements with PIOs Need Strengthening to Ensure U.S. Funds are Not Diverted to Terrorist Group*, SIGAR 25-16-AR, March 10, 2025, p. 6.

22 Paul Fishstein and Aman Farahi, "The World's Humanitarian, Economic, and Political Engagement with the Taliban," NYU Center on International Cooperation, January 2023, p. 30.

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## The National Defense Authorization Act for FY 2008 (P.L. 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.

Source: P.L. 110-181, "National Defense Authorization Act for FY 2008," 1/28/2008.

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