

# SIGAR

Special Inspector General for  
Afghanistan Reconstruction

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QUARTERLY REPORT TO THE UNITED STATES CONGRESS





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

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

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

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

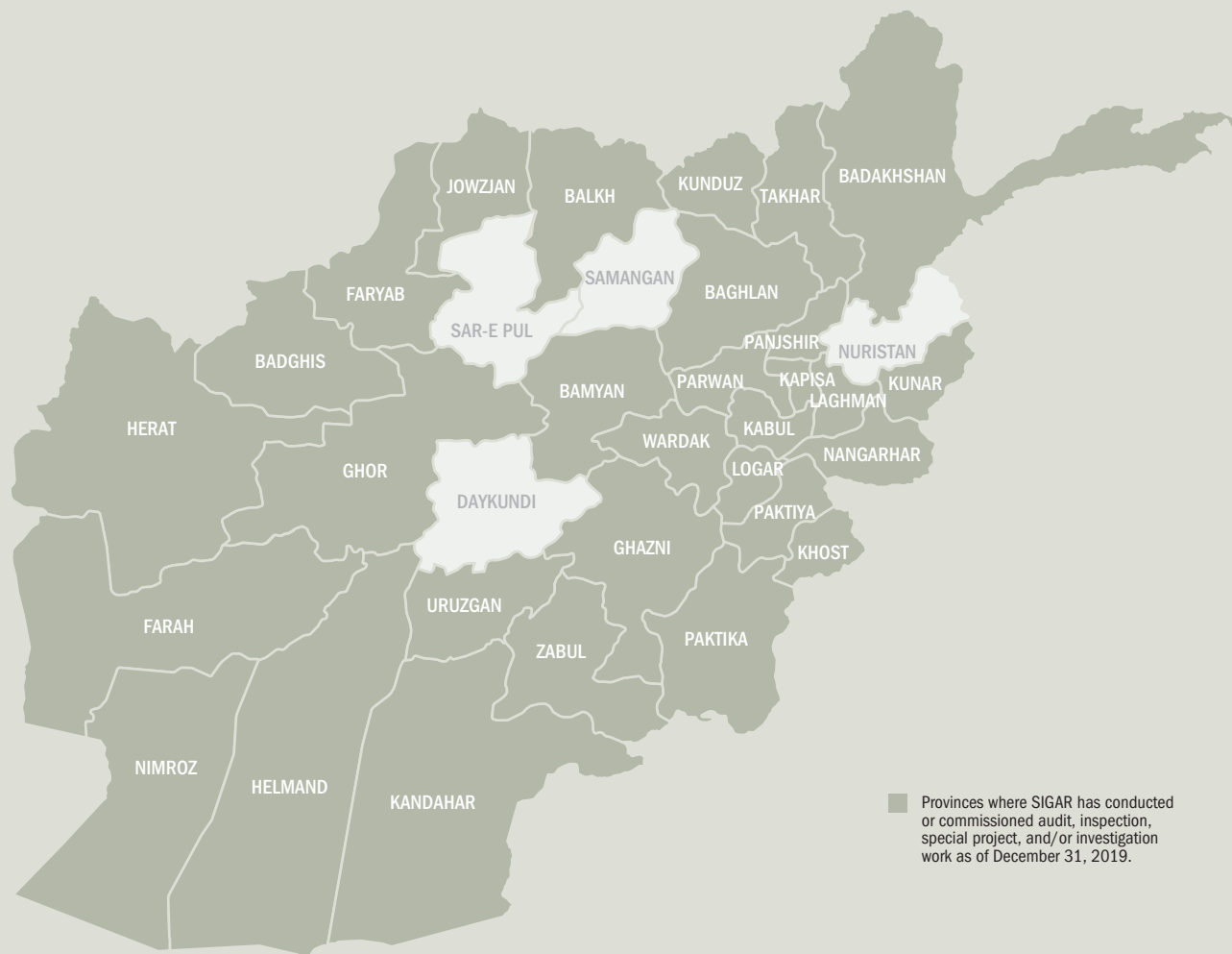
As required by the National Defense Authorization Act for FY 2018 (Pub. L. No. 115-91), this quarterly report has been prepared in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency.

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

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

### **Cover photo:**

Afghan and U.S. currency: lifeblood of commerce—and corruption. (U.S. Army photo by Sgt. Michael K. Selvage)





SPECIAL INSPECTOR GENERAL FOR  
AFGHANISTAN RECONSTRUCTION

I am pleased to submit to Congress, and to the Secretaries of State and Defense, SIGAR's 46th quarterly report on the status of reconstruction in Afghanistan.

On January 15, 2020, I had the honor of testifying before the U.S. House of Representatives Committee on Foreign Affairs at a hearing on "U.S. Lessons Learned in Afghanistan." The focus of the hearing was the findings and recommendations outlined in seven reports published by SIGAR's Lessons Learned Program on topics ranging from corruption to the reintegration of ex-combatants. These included the key lessons from SIGAR's work as well as six matters for immediate Congressional consideration.

I appreciated the opportunity to share with the members of the committee what SIGAR has learned in 10 years of overseeing Afghanistan reconstruction, as hearings like this one can foster change in the way the U.S. government operates. Members agreed that while the United States has achieved some of its goals in Afghanistan, we owe it to the thousands of U.S. servicemembers who have lost their lives, to the U.S. military and civilians still serving there, and to the U.S. taxpayer, to do a better job.

According to recently departed U.S. Ambassador to Afghanistan, John R. Bass, corruption is the issue that most troubles former U.S. ambassadors, military officials, and elected officials in Afghanistan. In Section One of this report, SIGAR proposes some measures drawn from our second assessment of Afghanistan's anti-corruption strategy, released this quarter, to help donors and their Afghan partners tackle the problem.

Two other SIGAR products, both issued in January, also touch on corruption concerns. At the request of the Chairman of the Senate Armed Services Committee, Senator James Inhofe, SIGAR also conducted a performance audit which found the Afghan government delays issuing business licenses, as well as using other ploys, to pressure vendors under U.S. government contracts to pay business taxes that the U.S. State Department says are barred under terms of a 2018 U.S.-Afghan agreement. In addition, a SIGAR special projects report on the Afghan Case Management System that tracks civil and criminal cases found that the system's lack of controls over seized and forfeited assets makes the Afghan justice system vulnerable to corruption.

These were among 19 products issued by SIGAR this quarter. A third performance audit reviewed USAID's emergency food-assistance efforts. SIGAR also issued one alert letter concerning the current state of the U.S. government's counternarcotics strategy in Afghanistan, and two inspection reports examining the Afghan National Police's Women's Compound at the Herat Regional Training Center, and the Kajaki Dam Irrigation Tunnel.

SIGAR completed nine financial audits of U.S.-funded contracts to rebuild Afghanistan. These financial audits covered a range of topics including USAID's Private Sector-Led Model of Sustainable Social and Economic Development, the Department of the Army's UH-60A Enhanced Phase Maintenance Inspection Program for helicopters, and USAID's Initiative for Hydration, Sanitation, and Nutrition. These financial audits identified \$4,946,880 in questioned costs as a result of internal-control deficiencies and noncompliance issues.

In addition to the report on the Case Management System, SIGAR's Office of Special Projects reviewed the cost of spare parts for the National Maintenance Strategy-Ground Vehicle Support contract. The office also issued one inquiry letter regarding the Ministry of Finance's decision to prohibit investigations or monitoring of its revenue-producing units.

During the reporting period, SIGAR's criminal investigations resulted in four criminal charges, five convictions, four pretrial diversions, three sentencings, a \$45 million global settlement, and over \$500,000 in fines. SIGAR initiated nine new cases and closed 22, bringing the total number of ongoing investigations to 145. SIGAR work to date has identified over \$3 billion in savings for the U.S. taxpayer.

My colleagues and I look forward to working with Congress and other stakeholders to continue improving outcomes from U.S.-funded reconstruction programs in Afghanistan.

A handwritten signature in black ink, appearing to read 'JF Sopko', with a long horizontal flourish extending to the right.

Sincerely,  
John F. Sopko

# EXECUTIVE SUMMARY

**This report summarizes SIGAR's oversight work and updates developments in the four major areas of reconstruction efforts in Afghanistan from October 1 to December 31, 2019.\* It includes an essay highlighting the danger corruption poses to Afghanistan, and SIGAR's work in assessing the effectiveness of Afghanistan's anticorruption strategy.**

**During this reporting period, SIGAR issued 19 audits, inspections, reviews, and other products assessing U.S. efforts to build the Afghan security forces, improve governance, facilitate economic and social development, and combat the production and sale of narcotics. In this period, SIGAR criminal investigations produced four criminal charges, five convictions, four pretrial diversions, three sentencing, a \$45 million global settlement, and over \$500,000 in fines.**

## SIGAR OVERVIEW

### AUDITS AND INSPECTIONS

This quarter, SIGAR issued three performance audits, one alert letter, nine financial audits, and two inspection reports.

The **performance audit** reports examined:

- the progress made by the Afghan government in meeting its anticorruption strategy benchmarks since May 2018, and the challenges that continue to inhibit anticorruption efforts
- the impact of USAID's \$589 million of emergency food assistance projects in Afghanistan since 2010
- the extent to which the Afghan government has assessed and enforced taxes and penalties on U.S. government contractors

The **alert letter** described SIGAR's concerns with the current state of the U.S. government's counternarcotics strategy in Afghanistan.

The nine **financial audit reports** identified \$4,946,880 in questioned costs as a result of internal-control deficiencies and noncompliance issues.

The **inspection reports** found:

- the Afghan National Police's Women's Compound at the Herat Regional Training Center lacks electricity and has never been used since it was constructed in 2018
- construction deficiencies preventing the proper operation of the Kajaki Dam Irrigation Tunnel, including improper fastening of emergency closure valves and problems with the installed ventilation-system motors

### SPECIAL PROJECTS

This quarter, SIGAR's Office of Special Projects issued an **inquiry letter** concerning the Ministry of Finance's decision to prohibit investigations or monitoring of its revenue-producing units, in addition to two **reviews** concerning:

- DOD's progress in reducing the cost of spare parts for the National

# EXECUTIVE SUMMARY

Maintenance Strategy-Ground Vehicle Support contract

- the implementation status of the State Department-managed Case Management System for the Afghan justice sector

## LESSONS LEARNED

SIGAR's Lessons Learned Program has four projects in development: U.S. government support to elections; monitoring and evaluation of reconstruction contracting; efforts to advance and empower women and girls; and a report on police and corrections.

## INVESTIGATIONS

During the reporting period, SIGAR investigations resulted in four criminal charges, five convictions, four pretrial diversions, three sentencing, a \$45 million global settlement, and over \$500,000 in fines. SIGAR initiated nine new cases and closed 22, bringing the total number of ongoing investigations to 145.

**Investigations** highlights include:

- A \$45 million global settlement by Unitrans International Inc. to resolve criminal-obstruction charges and civil False Claims Act allegations. During 2011 and 2012, officers of Unitrans, which provided logistical services to Anham, facilitated the transportation of construction materials to Afghanistan through Iran in violation of U.S. sanctions against Iran.
- A former U.S. Army Special Forces member, William Todd Chamberlain, pleaded guilty to conspiracy and theft of government property, and faces a combined maximum prison sentence of 15 years, followed by three years' supervised release, a \$500,000 fine, mandatory restitution, and forfeiture of \$40,000. Chamberlain conspired with members of his unit to steal cash earmarked for humanitarian projects and counterterrorism operations.
- A prominent Afghan politician, Ahmad Yusuf Nuristani, pleaded guilty to a criminal information charging theft of public money, after admitting to receiving \$100,000 in U.S. government benefits by concealing foreign travel and residency in Afghanistan between July 2015 and December 2018.

\* As provided in its authorizing statute, SIGAR may also report on products and events occurring after December 31, 2019, up to the publication date of this report. Unless otherwise noted, all afghani-to-U.S. dollar conversions used in this report are derived by averaging the last six months of exchange-rate data available through Da Afghanistan Bank ([www.dab.gov.af](http://www.dab.gov.af)), then rounding to the nearest afghani. Data as of December 21, 2019.

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“Until ordinary Afghans see the same rules applied to the powerful, the well-connected, and the many categories of people in this country who think rules do not apply to them, you will not succeed in addressing corruption.”

—*Ambassador John R. Bass*

# 1 GETTING SERIOUS ABOUT CORRUPTION



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Former CEO Khalilullah Ferozi (left) and former Chairman Sher Khan Farnoud of Kabul Bank walk past each other in a court proceeding, 2013. (AFP photo by Shah Marai)

## GETTING SERIOUS ABOUT CORRUPTION

This quarter showed that Afghanistan still needs to treat the cancer of corruption if its government is to sustain the donor support it needs to survive. Afghanistan issued its first national anticorruption strategy in 2008, and has pursued variations on it ever since.<sup>1</sup> But the United States and other international donors, who fund about three-quarters of public-purpose spending in Afghanistan, as well as Afghan citizens, are growing impatient with the failure of the government's efforts to make a major impact on the problem:

- In November 2019, SIGAR's second Congressionally mandated audit of Afghanistan's anticorruption strategy found that "serious challenges remain to fighting corruption, including resource shortfalls at anticorruption institutions, the impunity of powerful individuals, and declining activity at the corruption courts" even though the Afghan government "has made progress in meeting its anticorruption strategy benchmarks."<sup>2</sup>
- At a December meeting in Kabul to mark International Anti-Corruption Day, departing U.S. Ambassador to Afghanistan John R. Bass warned that "Corruption here is the issue that most imperils the continued financial support from the international community that this government and the wider society require."<sup>3</sup>
- In October, a bipartisan congressional delegation led by House Speaker Nancy Pelosi met with Afghan leaders in Kabul and stressed "the central importance of combating the corruption which endangers security and undermines the Afghan people's ability to achieve a stable and prosperous future."<sup>4</sup>
- The Asia Foundation's newest nationwide *Survey of the Afghan People*, issued in December, reported that 81.5% of Afghan respondents said corruption was a major problem in the country, and nearly 68% said it was a major problem in daily life.<sup>5</sup>

"Corruption here is the issue that most imperils the continued financial support from the international community that this government and the wider society require."

—Ambassador John R. Bass



**European Union-sponsored anticorruption conference** with panel including Afghan government officials, 2018. (Presidential Palace photo)

## **SIGAR ASSESSES AFGHAN ANTICORRUPTION ACTIVITIES A SECOND TIME**

In late 2019, SIGAR's second Congressionally mandated audit of Afghanistan's anticorruption activities found that "serious challenges remain to fighting corruption, including resource shortfalls at anticorruption institutions, the impunity of powerful individuals, and declining activity at the corruption courts" even though the Afghan government "has made progress in meeting its anticorruption strategy benchmarks."<sup>6</sup> (A third assessment is under way, as mandated by Congressional appropriators in late 2019.)<sup>7</sup>

The latest audit notes that the Afghan government has entered into some new anticorruption pledges, created some new offices, and in December 2018, approved a revised anticorruption strategy that contained 103 benchmarks with completion deadlines up to June 2020. The government again updated its anticorruption strategy in February 2019, including 102 of the previous 103 benchmarks. Of those, 76 were due at the end of June 2019. SIGAR determined that as of September 2019, 57 benchmarks had been met.<sup>8</sup>

The Afghan benchmarks comprised a wide variety of measures, including "National leadership consultation of the President on anticorruption efforts," "Enact Whistle Blower Protection Law," "Introduce an awards program for civil servant individual and team achievements in fighting corruption," "Appoint palace ombudsman," and "Include civil society inputs in the development of new governance or anti-corruption legislation and policies."<sup>9</sup> Some of these measures might have more direct and potent effects on actual corruption than others.

Although 57 benchmarks were met, the intended anticorruption outcomes were not necessarily achieved. SIGAR remains concerned that the Afghan government is more interested in checking off boxes for the international community than in actually uprooting its corruption problem. As the 2019 audit observed, “While the meeting of any individual benchmark is a positive development, ensuring that the broader intent of each benchmark is accomplished, as opposed to simply meeting the output demanded by the benchmark, has been a concern of international donors and Afghan civil society. . . . In addition, concerns remain that several of the Afghan government’s anticorruption initiatives are little more than a bureaucratic exercise.”<sup>10</sup>

In another sign of the gap between paper actions and real results, SIGAR’s 2019 audit reported that international donors are disturbed by the government’s lack of execution of arrest warrants. As of January 2019, the Afghan attorney general’s office told SIGAR there was a list of 6,586 people with outstanding arrest warrants from the preceding two years. In comments on a draft of the SIGAR audit, the Afghan government said its Ministry of Interior had arrested more than 1,500 people from the list.<sup>11</sup> Presumably, the remaining 5,000 people had not yet been arrested, two years on.

The government’s failure to take action against powerful individuals is a long-standing problem. As the SIGAR audit team noted, “Since our May 2018 audit report, officials from the U.S. Embassy in Kabul, CSTC-A [the U.S. Combined Security Transition Command-Afghanistan], and international donors have told us concerns about the seeming impunity of powerful actors in Afghanistan. The Afghan government has often lacked the resources and political will to arrest and prosecute powerful Afghans, and has largely focused on low-level offenders.”<sup>12</sup>

CSTC-A made its own view bluntly clear in its 2019 mid-year review, which listed corruption as second (after leadership) of the “top 10 challenges” facing the Afghan National Defense and Security Forces (ANDSF): “Corruption remains pervasive and undermines trust across the ANDSF and Afghan society.”<sup>13</sup>

In comments on the 2019 audit, the U.S. Embassy Kabul and the U.S. Agency for International Development (USAID) noted that the Afghan government had recently introduced the Anti-Corruption Reform Accelerating Plan, a new set of benchmarks aimed at institutional deficiencies and transparency issues in the Afghan government. But the agencies added, “The [Afghan] government’s past anticorruption efforts have fallen short due to a lack of sustained commitment and political will.” The Embassy and USAID warned that “This is a pivotal moment in Afghanistan’s trajectory that cannot be lost to another decade of empty promises.”<sup>14</sup>

“Corruption remains pervasive and undermines trust across the ANDSF and Afghan society.”

—CSTC-A, 2019 Midyear Review

“The [Afghan] government’s past anticorruption efforts have fallen short due to a lack of sustained commitment and political will.” The Embassy and USAID warned that “This is a pivotal moment in Afghanistan’s trajectory that cannot be lost to another decade of empty promises.”

—Comments from State and USAID



**Ambassador John Bass** and Secretary of State Mike Pompeo at an Afghan civil-society meeting in Kabul, June 2019. (State Department photo by Ron Przysucha)

## **SIGAR SAW SOME OF THE SAME PROBLEMS IN 2018 ASSESSMENT**

Congress first directed SIGAR to assess Afghanistan's anticorruption strategy in 2017. Under pressure from international donors, the Afghan government at the time was in the process of crafting a new strategy to fight graft and bribery. SIGAR issued its initial assessment in May 2018.<sup>15</sup> That audit detailed the Afghan government's 2017 anticorruption strategy and ministerial action plans, their implementation and weaknesses, as well as other challenges in fighting corruption, especially as they pertained to upholding the rule of law. SIGAR's 2019 audit found that many of the obstacles identified in the first audit remain in place.

The findings of the first assessment included:<sup>16</sup>

- Afghanistan faced five major challenges to combating corruption:
  - (1) a lack of capacity and resources amongst Afghanistan's key anticorruption institutions;
  - (2) unclear roles and responsibilities between anticorruption institutions investigating corruption crimes;
  - (3) the Afghan government's limited ability to arrest, prosecute, and punish powerful individuals suspected of corruption;
  - (4) the Afghan government's failure to remove unqualified and potentially corrupt personnel from anticorruption institutions or to protect reformers;
  - (5) Afghanistan's parliament represented a significant institutional roadblock for anticorruption reforms.
- The 2017 anticorruption strategy had weaknesses, such as benchmarks and goals that were not fully aligned, and the writers of the strategy did not fully engage Afghan civil society or ministries in its development of the strategy.

- The Afghan government had achieved 14 of the 20 benchmarks due under the 2017 strategy by the time the SIGAR assessment was published.

The 2018 audit also highlighted concerns of U.S. and international donor organizations regarding resources for Afghan anticorruption institutions, capacity shortfalls among them, institutional disagreements and conflict, and impunity of powerful Afghans who are able to avoid arrest and prosecution within the Afghan justice system. “The Afghan government has made some progress addressing these concerns,” the audit said, “but significant obstacles remain.”<sup>17</sup> That judgment still holds.

## **ASSESSMENTS: A TOOL FOR IMPROVEMENT**

SIGAR’s three assessments of Afghan anticorruption strategy may be the only instance in which Congress has directed a federal inspector general to review the implementation of a foreign government’s domestic program. SIGAR applauds Congress for its interest in the issue, and appreciates President Ghani’s cooperation in helping the assessments proceed.

SIGAR’s assessments are not weapons, but tools for improvement. The assessments, like SIGAR’s numerous audits and inspections of reconstruction programs in Afghanistan, point out problems and detail work that remains to be done. They are not presented to denigrate or deprecate the progress Afghanistan has made, but to encourage the government to keep moving forward while they have the support of the international community. President Ghani’s personal and political commitment to fighting corruption is clear, and the National Unity Government’s organizational and programmatic steps against corruption are an advance from the past.

In presenting its assessments of Afghanistan’s anticorruption strategy, SIGAR hopes that their findings may be useful to the U.S. Congress, to other international donors, and to the government of Afghanistan in planning, monitoring, and evaluating further progress against corruption. In particular, SIGAR hopes that its assessments help President Ghani reinforce his commendable efforts to persuade parliamentarians, ministry officials, and other Afghan stakeholders that some long-standing attitudes and practices need to change, both for the sake of Afghanistan’s development and for the sake of maintaining constructive and beneficial relations with foreign donors.

Those donors, who met in 2012 and 2016 to pledge aid for Afghanistan, will convene again this year for another pledging conference. Some of them are showing signs of impatience with the continuing high levels of corruption in Afghanistan. By delineating tasks that remain to be done and prudent safeguards that might be adopted, SIGAR hopes to assist donors in planning and delivering support in ways that better resist corrupt activity and boost effectiveness.

## THE THREAT OF LOSING DONOR SUPPORT

The United States and other foreign donors have grown increasingly impatient as Afghanistan seems unable to make a serious dent in persistent and pervasive corruption.

Donors, led by the United States, currently provide some \$8.5 billion a year in on-budget grants to the Afghan government and in off-budget spending for reconstruction. These financial inflows account for about 75% of the country's public expenditures for security, education, law enforcement, health, and other development functions.<sup>18</sup> The United States alone provides more than \$4 billion a year for reconstruction efforts in Afghanistan—not including the costs of U.S. military operations there. Since Fiscal Year (FY) 2002, the U.S. Congress has appropriated nearly \$137 billion for Afghanistan reconstruction.<sup>19</sup>

Yet, as SIGAR has long noted in its quarterly reports to Congress, in its *High-Risk Lists*, and especially in its two audits of the Afghan government's progress in anticorruption efforts, corruption remains a major problem. Two new SIGAR products, both issued in January 2020, also touch on corruption concerns. A SIGAR special projects review of the Afghan Case Management System that tracks civil and criminal cases found incomplete entry of required data and no tracking of judicially seized or forfeited cash, drugs, and vehicles. Partial implementation and incomplete data, the report concludes, limits transparency and credibility of the judicial process, while “the lack of controls over seized and forfeited assets makes the Afghan justice system vulnerable to corruption.”<sup>20</sup> In addition, a SIGAR audit, requested by the chairman of the Senate Armed Services Committee, indicates that the Afghan government delays issuing or renewing business licenses, as well as using other ploys, to pressure vendors under U.S. government contracts to pay business taxes that the U.S. State Department says are barred under terms of a 2018 U.S.-Afghan agreement.<sup>21</sup>

The Departments of State and Defense have also raised concerns, as have other international donors and organizations. These concerns, if not assuaged, could lead to a financial crisis for the Kabul government.

Donor frustration with Afghanistan's slow progress matters because Afghanistan needs enduring assistance to maintain its government. A December 2019 World Bank report noted that while Afghanistan has had some economic growth and has increased its government revenues in recent years, revenues have not kept up with population growth. “Economic growth in Afghanistan is currently too slow to reduce poverty and increase living standards,” because economic growth of 2% a year and population growth of 2.3% “equates to declining per capita incomes.” Poverty rates (less than \$1 a day income) are rapidly increasing, from about 39% in 2012 to about 55% now, while the number of jobs available to Afghans is declining.<sup>22</sup>

While the Bank concluded that Afghanistan's substantial medium-term grant needs could be met if domestic revenues increased, even if foreign assistance gradually declined, they added a critical warning about the potential costs of a peace agreement with the Taliban insurgents: "These grant needs exclude any potential costs of targeted disarmament, demobilization, and reintegration programming."<sup>23</sup> The Bank also cautioned that in the event of a peace agreement, "Declines in security sector expenditure will be offset by the need for increased civilian spending to support a rapidly growing population and facilitate faster economic growth."<sup>24</sup>

## CORRUPTION: A CONTINUING PROBLEM

In Afghanistan or any other country, corruption can take many forms, from a policeman demanding a bribe to overlook an infraction, to vendors conspiring to rig bids on contracts, to purchasing agents taking kickbacks, to powerful officials sheltering wrongdoers or giving preferential treatment to kin or community members. Some recent examples from Afghanistan show how the problem continues to plague the U.S.-backed government and the fight against insurgents:

- During a 12-month period in 2018–2019, corruption reports from CSTC-A prompted the Afghan government to remove 49 members of the Afghan National Defense and Security Forces from their posts. As of October 2019, another 21 individuals were being investigated for corruption. Many of the cases involve corruption related to U.S.-funded fuel.<sup>25</sup>
- In the eastern province of Kunar, illegally harvested lumber is smuggled into Pakistan as officials turn a blind eye, warlords and Islamic State terrorists profit, and police pocket bribes, according to a recent *Foreign Policy* article.<sup>26</sup>
- In October, Speaker of the Parliament Mir Rahman Rahmani spoke of "large-scale corruption at the customs of the Ministry of Finance, the National Procurement Authority (NPA) and the Kabul Municipality," but complained that the presidential palace had resisted a parliamentary-commission probe.<sup>27</sup>
- In a June 11, 2019, memorandum, Afghanistan's Acting Minister of Finance Mohammad Humayon Qayoumi said Afghan investigative and security entities are prohibited from investigating or monitoring revenue-producing units of the Ministry of Finance, and must inform the Ministry of Finance High Authority of any information needs. The minister's memorandum prompted SIGAR Inspector General John F. Sopko to write him in November expressing concern that the ministry "has taken steps to shield itself from independent external oversight, including audits and investigations."<sup>28</sup> Acting Minister Qayoumi replied in late December saying the ministry had "requested the respected

[Afghan] entities not to disturb the day-to-day business of our offices, as this has unfortunately caused disruption in our duties thus, inefficiency,” and adding without specifics that “The Ministry of Finance has successfully established a transparent operational framework intending to ensure transparency and accountability.”<sup>29</sup> In a December 2019 meeting with IG Sopko, Minister Qayoumi added he was simply opposed to “fishing expeditions,” and that if Afghan police or intelligence officials could show sound reasons—presumably as judged by the minister—for an investigation, they would not be restricted.<sup>30</sup> SIGAR remains concerned.

## AFGHANS SUFFER THE CONSEQUENCES

Despite years of official pronouncements and anticorruption programming, Afghanistan still fares poorly in comparisons of perceived corruption, including Afghans’ own perceptions. The Asia Foundation’s *2019 Survey of the Afghan People* solicited responses in summer 2019 from nearly 18,000 men and women age 18 or older in all 34 provinces. Fully 81.5% of respondents said corruption was a major problem in the country, while 67.9% said it was a major problem in their daily life.<sup>31</sup>

In January 2020, the nongovernmental organization Transparency International (TI) ranked Afghanistan last among the 31 Asia/Pacific countries it surveyed. On TI’s 100-point scale, Afghanistan was rated at 16 points, behind North Korea, at 14 points. By contrast, New Zealand earned first place at 87 points, followed by Singapore at 85.<sup>32</sup> Most countries in the Asia/Pacific region, TI has said, lack “a robust and comprehensive strategy that focuses on the entire anti-corruption system, including legal infrastructure and punishment, proper enforcement of rules, prevention mechanisms and engagement of citizens.”<sup>33</sup>

The perception of corruption in Afghanistan has actually worsened since TI first included Afghanistan in its ratings in 2005. That year, the country was in a nine-way tie for 117th place among 159 countries surveyed. TI used a 10-point rating system in which any score under 5 indicated “serious levels of corruption.” Afghanistan’s score was 2.5.<sup>34</sup> By 2019, Afghanistan had fallen to a tie for 173rd out of 180 countries surveyed with a rating of 16 out of 100 points—a notable decline in relative terms.<sup>35</sup>

Similarly, an Asian Development Bank review of fragile and conflict-affected situations rated Afghanistan’s performance as below that group’s low threshold, adding “The country lags farthest behind in (i) property rights and rule-based governance; and (ii) transparency, accountability, and corruption in the public sector.”<sup>36</sup> Such concerns are widespread.



**U.S. House of Representatives Speaker** Nancy Pelosi meets with Afghan President Ashraf Ghani in an unannounced visit to Kabul. (Speaker of the House official Twitter account)

## U.S. AND OTHER DONOR OFFICIALS WARN PATIENCE IS WANING

A bipartisan Congressional delegation carried the message of concern to Kabul in October 2019. House Speaker Nancy Pelosi said the delegation met with Afghan President Ashraf Ghani and Chief Executive Abdullah Abdullah, and “emphasized the central importance of combating the corruption which endangers security and undermines the Afghan people’s ability to achieve a stable and prosperous future.”<sup>37</sup>

In August 2019, the Afghan government released from prison former Kabul Bank executive Khalilullah Ferozi, who had been jailed for his role in massive fraud that nearly caused the bank to fail. In reaction, Ambassador Bass tweeted, “This action along with the continued failure to execute warrants for those accused of corruption, calls into question the [Afghan] government’s commitment to combating corruption and making best use of donors’ support.”<sup>38</sup>

Ambassador Bass, who has left the Embassy Kabul assignment after two years’ service there, also said this quarter that Afghanistan’s corruption is the issue that most troubles former U.S. ambassadors, military officers, and elected officials. The ambassador used even stronger language when he warned at an International Anti-Corruption Day meeting in Kabul in December 2019 that Afghanistan’s corruption could endanger international support. “Corruption here is the issue that most imperils the continued financial support from the international community that this government and the wider society require,” he said.

Announcing strategies and priorities is good, the ambassador continued, but “If you do not make progress addressing impunity and curbing rampant corruption, you will not hear my government, and other governments, speaking louder and more urgently about this issue. You will hear silence. And Afghanistan will receive much less support.”<sup>39</sup>

At a January 15, 2020, House Foreign Affairs Committee hearing on “U.S. Lessons Learned in Afghanistan,” the discussion frequently focused on corruption. IG Sopko said military commanders told SIGAR that corruption is the major threat to reconstruction and the war effort, and plays into the hands of America’s enemies. Corruption “not only saps the money we give to the Afghan government,” he said, “but it also is used as a recruiting tool by the Taliban because they can point to the corrupt officers, they can point to the corrupt warlords who are getting all of the government contracts and they say, “See, that’s what the U.S. government does.”<sup>40</sup>

Other donors have expressed similar sentiments. The UK’s Department for International Development is on record as saying it “has a zero tolerance approach to corruption—full stop,” though humanitarian and development aid might still be provided through “trusted international partners.”<sup>41</sup> As for Afghanistan specifically, the UK government’s “Overseas Business Risk” paper remarks that “Corruption pervades all aspects of public life in Afghanistan . . . ranging from petty bribery to nepotism and misuse of power.”<sup>42</sup>

In late 2019, officials of another major European donor in a meeting with SIGAR staff said that they were disturbed by the lack of material progress in anticorruption in Afghanistan, and felt that new pledges from the anticipated 2020 donors’ conference should be linked to anticorruption progress.<sup>43</sup> In Germany, the Federal Ministry for Economic Cooperation and Development (BMZ, for *Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung*) says anticorruption agreements have been included in arrangements with partner nations since 1997, adding that “The BMZ . . . is guided by the zero tolerance principle. . . . In other words, if there is a risk that German development funding could be misused, it is possible to stop the payments.”<sup>44</sup>

Indeed, Afghanistan needs to persevere in and improve its anticorruption efforts—both for its own sake, and avoid a withering of donor support.

## TESTIMONY GIVEN

• SIGAR 20-24-TY: U.S. Lessons Learned in Afghanistan

## INTERNATIONAL COMMUNITY BEARS SOME RESPONSIBILITY

The international community is not without blame for Afghanistan’s descent into corruption. In written testimony to the House Foreign Affairs Committee this month, IG Sopko reiterated a finding from SIGAR’s 2016 Lessons Learned corruption report that even though corruption substantially undermined the U.S. mission in Afghanistan from the very beginning

# GETTING SERIOUS ABOUT CORRUPTION

of Operation Enduring Freedom, the United States also helped fuel it with short-sighted policies.

In his testimony, IG Sopko pointed to several other conclusions, saying that:<sup>45</sup>

1. Failure to effectively address the problem means U.S. reconstruction programs will at best continue to be subverted by systemic corruption and, at worst, will fail.
2. Anticorruption efforts need to be at the center of planning and policymaking for contingencies.
3. The U.S. government should not exacerbate corruption by flooding a weak economy with too much money too quickly, with too little oversight.
4. U.S. agencies should know whom they are doing business with, and avoid empowering highly corrupt actors.
5. Strong monitoring and evaluation systems must be in place for assistance.
6. The U.S. government should maintain consistent pressure on the host government for critical reforms.

Furthermore, as SIGAR's *2019 High-Risk List* found, "The Afghan government prioritizes its anticorruption commitments when pressured by international observers. . . . If donors do not maintain this focus on anticorruption, it is unlikely that the Afghan government will follow through on its commitments."<sup>46</sup>

## CONCLUSION

The United Nations Assistance Mission in Afghanistan plans to host another aid-pledging conference for international donors this year, after the last quadrennial pledging conference in Brussels in 2016 and an interim 2018 session in Geneva that included a panel on corruption.<sup>47</sup>

The combination of large and continuing Afghan needs for assistance and donors' increasing impatience with the pace of anticorruption progress could make the 2020 donors' conference critical for Afghanistan's future. SIGAR believes the problem of corruption deserves to be the central issue in that conference and that donors can use SIGAR's Afghan anticorruption audits—including the third, issued this year—as a guide to how they can direct resources more effectively, monitor actual results, and exert constructive influence on the Afghan government.

Working together, the international community and its Afghan partners can stem the rot of corruption in Afghanistan. But it will take a greater commitment than we have seen so far to make transformative change.



**Inspector General Sopko** testifies before the House of Representatives on "U.S. Lessons Learned in Afghanistan." (SIGAR photo)

“No matter how challenging the environment, fraud is about more than dollars and cents. It can be about winning and losing wars. And it can be about living and dying.”

—*SIGAR Inspector General John Sopko*