

SIGAR

Special Inspector General for
Afghanistan Reconstruction

JULY 30
2023

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:

A Taliban fighter walks past a beauty salon with images of women defaced in Kabul on August 18, 2021. (Wakil KOHSAR/AFP)



SPECIAL INSPECTOR GENERAL FOR
AFGHANISTAN RECONSTRUCTION

To Congress, the Secretaries of State and Defense, and the American people, I am pleased to submit SIGAR's 60th quarterly report on the status of reconstruction in Afghanistan.

This month the United Kingdom's Independent Commission for Aid Impact (ICAI) invited SIGAR to participate in briefing a select group of UK parliamentarians on lessons learned from Afghanistan reconstruction that could be applied to other conflict environments, including Ukraine. The briefing was particularly focused on ICAI's latest lessons-learned report on the UK's development efforts in Afghanistan and SIGAR's lessons learned reports on Afghanistan reconstruction.

ICAI is similar to SIGAR, as it is empowered to oversee UK development assistance and provide recommendations for improvement. We at SIGAR have worked closely with ICAI since my appointment in 2012. A summary of ICAI's lessons learned findings are found at Appendix H of this quarterly report. Their conclusions are very similar to those found in SIGAR's 12 lessons-learned reports, and especially SIGAR's observations described in a June 15, 2023, letter to Senator Charles Grassley (R-IA) and a July 7, 2023, letter to Senators John Kennedy (R-LA), Kyrsten Sinema (I-AZ), Kevin Cramer (R-ND), and Mike Braun (R-IN) responding to their request to SIGAR to identify lessons learned from Afghanistan applicable to other contexts, including Ukraine. Those letters are reprinted in Appendices F and G.

In addition, I was invited to deliver the keynote address at a conference hosted by King's College London and the Afghan Institute for Strategic Studies to discuss the current situation in Afghanistan and possible ways forward for the international community to engage with Afghanistan under Taliban rule. While in London, the SIGAR team and I had the opportunity to brief and interview numerous UK policymakers and parliamentarians, as well as multiple former Afghan government officials and human rights advocates. The purpose of these meetings was to better understand the current situation in Afghanistan, and especially the extent of Taliban interference with the U.S.-funded multibillion-dollar assistance program to the Afghan people. These meetings produced valuable information for SIGAR's ongoing and planned oversight work, including the March 2023 request from Representative Michael McCaul (R-TX), Chairman of the House Foreign Affairs Committee, to ensure U.S. taxpayer dollars support the Afghan people and do not benefit the Taliban, among other requests.

My overall conclusion from this outreach effort was that the U.S. experience in Afghanistan continues to offer many important lessons for other conflicts in the world today, as well as future conflicts. But, more importantly to SIGAR's mission and Congressional concerns, it is no longer a question of *whether* the Taliban are diverting assistance from our programs to help the Afghan people, but rather *how much* they are diverting.

This quarterly report discusses this issue in more detail. It was an issue I raised in my April testimony before the House Oversight and Accountability Committee when I warned that SIGAR could not guarantee that the U.S. assistance intended for impoverished Afghans was not falling into the hands of the Taliban. With no U.S. presence on the ground in Afghanistan, most current donor assistance is flowing through the United Nations and its agencies and implementers. (UN Secretary-General António Guterres announced in May that the UN would maintain its operations in Afghanistan despite the Taliban's ban on women working for the UN and nongovernmental organizations.)

When I testified in April, my staff and I had already received numerous allegations of Taliban diversion and inadequate protection of the assistance programs by both U.S. and international organizations. Unfortunately, these concerns were dramatically confirmed by almost every person we interviewed in London who had access to information from people working or living in Afghanistan. Moreover, as we describe in Section Two, a report prepared by the U.S. Institute of Peace for the United States Agency for International Development (USAID) in May, which we just received, found that *“the Taliban have effectively infiltrated and influenced most UN-managed assistance programming”* and that *“the Taliban appear to view the UN system as yet another revenue stream, one which their movement will seek to monopolize and centralize control over”* [emphasis added].

Although this conclusion is not surprising given the extent to which SIGAR, journalists, and members of the Afghan diaspora have previously reported allegations of interference, my staff and I find the degree of interference and the apparent inability of the UN to protect its programs deeply troubling. The findings of the report are summarized on pages 82–83.

As I reported at the April House Oversight hearing and in our January 30, 2023, quarterly report, USAID's lack of cooperation and more importantly, the Department of State's obfuscation and delay in responding to SIGAR's requests for information seriously hindered our ability to fully report to Congress and the American taxpayer in a timely manner on important issues, such as the Taliban's diversion of assistance. However, I am happy to report that Congress has strongly supported SIGAR's insistence that the Department of State and USAID respond to our requests for information on how well these agencies and international organizations safeguard our assistance. Because of that strong support, I am especially pleased to report that USAID has resumed cooperating with our requests for information and the State Department has begun to respond to some long-standing requests while also entering into discussions with SIGAR on how best to resolve outstanding issues.

SIGAR issued eight products this quarter, including this quarterly report. SIGAR has identified approximately \$3.97 billion in savings for the U.S. taxpayer.

Among these products was a performance audit report that found that despite more than 20 years and over \$1 billion spent to develop Afghanistan's public health sector, USAID's two largest public health activities, totaling \$221 million, could not overcome several challenges, including (1) inconsistent USAID oversight of healthcare programs and (2) incomplete, inconsistent, and poorly developed performance indicators.

SIGAR also completed six financial audits of U.S.-funded projects to rebuild Afghanistan that identified \$773,827 in questioned costs as a result of internal-control deficiencies and noncompliance issues. These financial audits identified a range of deficiencies by U.S. government contractors including Sierra Nevada Corporation, University of Chicago, International Centre for Integrated Mountain Development, Chemonics International Inc., and Turquoise Mountain Trust.

During the reporting period, SIGAR's criminal investigations resulted in one sentencing. SIGAR initiated three cases and closed three, bringing the total number of ongoing investigations to 26.

My colleagues and I look forward to working together with Congress, the Administration, and other stakeholders to protect taxpayer funds in Afghanistan and learn the lessons to be drawn from the long U.S. reconstruction effort in that country. Based upon the information we obtained in London, as well as here in the United States and from many sources in the Afghan diaspora, we are hopeful that we will be able to give a more fulsome description of how our monies are spent and protected from waste, fraud, and abuse in Afghanistan to help those who continue to live under the terror of the Taliban.

Sincerely,

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

John F. Sopko

EXECUTIVE SUMMARY

This report summarizes SIGAR’s oversight work and updates developments in U.S. assistance and reconstruction efforts in Afghanistan from April 1–June 30, 2023.*

During this reporting period, SIGAR issued eight audits and other products assessing U.S. reconstruction efforts in Afghanistan. Criminal investigations resulted in one sentencing.

SIGAR OVERVIEW

SIGAR RESPONDS TO CONGRESS

On June 15, 2023, SIGAR responded to a request from Senator Charles Grassley of Iowa, Ranking Member of the Senate Budget Committee to help policymakers “better understand the lessons learned from conducting Afghanistan reconstruction oversight that Congress can apply to other reconstruction efforts to ensure taxpayer money is used more efficiently in future efforts.” This is the first time SIGAR has been asked to apply the lessons from its 12 lessons-learned reports to a U.S. assistance effort in another country with an ongoing conflict. Senator Grassley specifically mentioned U.S. efforts in Ukraine as an area that could benefit from SIGAR’s Lessons Learned Program.

Then, on July 7, 2023, SIGAR responded to a request from Senators John Kennedy, Kyrsten Sinema, Kevin Cramer, and Mike Braun to learn more about how lessons from the 20-year U.S. effort to rebuild Afghanistan can be applicable to “the current situation in Ukraine.”

SIGAR provided seven lessons spanning the entire U.S. reconstruction effort in Afghanistan, offered a brief discussion of how each challenge from Afghanistan appears to be manifesting in Ukraine as well, and put forward ideas for how Congress and U.S. agencies might address those similar challenges in Ukraine.

AUDITS AND INSPECTIONS

This quarter, SIGAR issued one performance audit and six financial audit reports.

The **performance audit** found that despite more than 20 years and over \$1 billion spent to develop Afghanistan’s public health sector, the U.S. Agency for International Development’s (USAID) two largest ongoing public health activities, totaling \$221 million, could not overcome several challenges, including (1) inconsistent USAID oversight of healthcare programs and (2) incomplete, inconsistent, and poorly developed performance indicators.

SIGAR has seven ongoing performance audits and evaluations, including a congressionally requested examination of the mechanisms in place to prevent the diversion of taxpayer dollars to the Taliban. SIGAR is also assessing UN cash transfers to Afghanistan for implementing partners; State and USAID’s oversight of their public international organization partners in Afghanistan; U.S. contractor vetting; and gender-based violence, among others issues.

The six **financial audit reports** identified \$773,827 in questioned costs as a result of internal control deficiencies and noncompliance issues.

KEY EVENTS

MAY 2023–JULY 2023

MAY

2

May 2: UN Secretary-General António Guterres announces UN operations will continue in Afghanistan despite Taliban ban on women from working for the UN and NGOs.

JUNE

5 6

June 5: UN OCHA reduces their 2023 humanitarian aid request by 30% due to donor fatigue and Taliban policies limiting access to beneficiaries.

June 6: The Taliban issue an oral directive demanding international NGOs turn over education-related operations to local organizations and submit transfer plans to the ministry of education within 40 days.

June 15: The UN Special Rapporteur issued a report accusing the Taliban of instituting gender apartheid in Afghanistan.

EXECUTIVE SUMMARY

INVESTIGATIONS

During the reporting period, SIGAR’s criminal investigations resulted in one sentencing. SIGAR initiated three cases and closed three, bringing the total number of ongoing investigations to 26.

Investigations highlights include the sentencing of Orlando Clark, a former analyst at a U.S. company, to three years and 10 months in prison for his role in two bribery conspiracies. Clark and his co-conspirator oversaw construction contracts in Afghanistan in 2011 and 2012 and received \$400,000 in bribe payments. Additionally, between 2015 and 2020, Clark signed false letters of recommendation to Special Immigrant Visa applications for Afghan nationals in exchange for bribe payments.

LESSONS LEARNED PROGRAM

SIGAR’s **Lessons Learned Program** (LLP) was created to identify lessons and make recommendations to Congress and executive branch agencies on ways to improve current and future reconstruction efforts. LLP has produced 12 lessons-learned reports and three evaluations to date.

This quarter, LLP produced two responses to Congressional requests for information about the lessons from Afghanistan that are applicable to other conflicts, such as Ukraine. LLP continues to examine issues related to ongoing efforts in Afghanistan and is closely following developments related to the \$3.5 billion Afghan Fund. LLP is also looking at best practices from around the world to help the U.S. government provide needed aid to the people of Afghanistan without benefiting the Taliban.

RESEARCH AND ANALYSIS

SIGAR issued its 60th *Quarterly Report to the United States Congress*.

* As provided in its authorizing statute, SIGAR may also report on products issued or events occurring after June 30, 2023, up to the publication date of this report.

Note: To date, the U.S. government has not taken a position on whether to recognize a government of Afghanistan. Accordingly, references in this report to a “Taliban-controlled government,” “interim government,” Taliban “governance,” “Taliban regime,” a “former Afghan government,” or similar phrases are not intended to prejudge or convey any U.S. government view or decision on recognition of the Taliban or any other entity as the government of Afghanistan.

Source: State, SCA response to SIGAR data call, 3/16/2023; State, SCA, response to SIGAR data call, 12/13/2022; State, response to SIGAR vetting, 2/10/2022.

June 25: Taliban supreme leader Haibatullah Akhundzada announced that illicit opium poppy cultivation was eradicated as a result of the Taliban’s April 2022 ban.

July 3: The UN released a new Strategic Framework for Afghanistan to address basic human needs in Afghanistan, prioritizing the most vulnerable and marginalized.

June 26: The Afghan Fund held its third board meeting, and selected a World Bank economist to serve as executive secretary.

July 5: The Taliban ban women’s beauty salons, ordering all salons to close within a month.



TABLE OF CONTENTS



SECTION 1

3 SIGAR OVERSIGHT

- 6 Quarterly Highlight
- 8 SIGAR Responds to Congress
- 9 Audits and Evaluations
- 15 Lessons Learned
- 16 Investigations
- 17 Other SIGAR Oversight Activities
- 18 SIGAR Budget
- 19 SIGAR Staff



SECTION 2

21 RECONSTRUCTION UPDATE

- 23 Reconstruction in Brief
- 25 Status of Funds
- 51 U.S. Assistance
- 79 Recent Developments



SECTION 3

123 OTHER AGENCY OVERSIGHT

- 125 Completed Oversight Activity
- 128 Ongoing Oversight Activity



SECTION 4

131 APPENDICES

- 132 Appendix A
- 138 Appendix B
- 140 Appendix C
- 144 Appendix D
- 152 Appendix E
- 158 Appendix F
- 180 Appendix G
- 206 Appendix H

“Many would like to forget our
Afghanistan experience and never
discuss it again. However, if we do not
learn the truths from that failure, we will
repeat them.”

—*Inspector General
John F. Sopko*

1 SIGAR OVERSIGHT



SIGAR OVERSIGHT CONTENTS

Quarterly Highlight	6
SIGAR Responds to Congress	8
Audits and Evaluations	9
Lessons Learned	15
Investigations	16
Other SIGAR Oversight Activities	17
SIGAR Budget	18
SIGAR Staff	19

Photo on previous page

Inspector General Sopko speaks at an event co-hosted by the Royal United Services Institute and Independent Commission for Aid Impact with ICAI Commissioner Sir Hugh Bayley (left) in London, 7/10/2023. (SIGAR Photo by Shelby Cusick)

SIGAR OVERSIGHT ACTIVITIES

This quarter, SIGAR issued eight products, including this quarterly report. SIGAR work to date has identified approximately \$3.97 billion in savings for the U.S. taxpayer.

SIGAR issued one performance audit report this quarter. The performance audit report found that despite more than 20 years and over \$1 billion spent to develop Afghanistan's public health sector, the U.S. Agency for International Development's (USAID) two largest ongoing public health activities, totaling \$221 million, could not overcome several challenges, including (1) inconsistent USAID oversight of healthcare programs and (2) incomplete, inconsistent, and poorly developed performance indicators.

SIGAR completed six financial audits of U.S.-funded projects to rebuild Afghanistan that identified \$773,827 in questioned costs as a result of internal-control deficiencies and noncompliance issues. These financial audits identified a range of deficiencies by U.S. government contractors including Sierra Nevada Corporation, University of Chicago, International Centre for Integrated Mountain Development, Chemonics International Inc., and Turquoise Mountain Trust.

During the reporting period, SIGAR's criminal investigations resulted in one sentencing. SIGAR initiated three cases and closed three, bringing the total number of ongoing investigations to 26.

IG SOPKO INVITED TO BRIEF UK POLICYMAKERS ON LESSONS FROM AFGHANISTAN RECONSTRUCTION

At the invitation of the United Kingdom’s Independent Commission for Aid Impact (ICAI), Inspector General John Sopko participated in two July events in London to discuss SIGAR’s reporting on critical lessons from the reconstruction of Afghanistan that could be applied to other conflicts, including Ukraine.

ICAI is a UK government agency similar to SIGAR, empowered to oversee UK development assistance and provide recommendations for improvement. SIGAR has worked closely with ICAI since IG Sopko was appointed in 2012. A summary of ICAI’s lessons learned findings are found at Appendix H of this quarterly report. Their conclusions are very similar to those found in SIGAR’s 12 lessons learned reports, and especially SIGAR’s observations described in a June 15, 2023, letter to Senator Charles Grassley (R-IA) and a July 7, 2023, letter to Senators John Kennedy (R-LA), Kyrsten Sinema (I-AZ), Kevin Cramer (R-ND), and Mike Braun (R-IN) responding to their request to SIGAR to identify lessons learned from Afghanistan applicable to other contexts, including Ukraine. The letters are reprinted in Appendices F and G.

On July 10, IG Sopko and ICAI Commissioner Sir Hugh Bayley spoke at a Royal United Services Institute event titled, “Learning from Aid Spending in Afghanistan for Other Fragile/Conflict States.” This public event was widely attended by UK policymakers, journalists, academics, and the public. Later that day, IG Sopko and Commissioner Bayley briefed members of Parliament at a closed session hosted by John Speller, the Deputy Chair of the House of Commons Defense Committee, and the UK Delegation to the NATO Parliamentary Assembly. The briefing focused on ICAI’s latest lessons learned report on the UK’s development efforts in Afghanistan and SIGAR’s lessons learned reports on Afghanistan reconstruction. During both events, IG Sopko discussed lessons from Afghanistan applicable to other conflicts, including Ukraine,

Inspector General John Sopko speaks, alongside John Speller, Member of Parliament (far left), Sir Hugh Bayley, Commissioner of Independent Commission for Aid Impact (left), and Lord Mark Lancaster (far right), at an Independent Commission for Aid Impact event in London, 7/10/2023. (SIGAR Photo by Shelby Cusick)



QUARTERLY HIGHLIGHT



Inspector General John Sopko alongside David Loyn, Senior Visiting Research Fellow at King's College and retired BBC foreign correspondent (right), at King's College London, 7/20/2023. (SIGAR Photo by Zafar Hashemi)

such as addressing endemic corruption, improving international donor coordination, and setting realistic timelines for achieving progress with assistance efforts.

Over the course of several days, IG Sopko held meetings with numerous individual UK policymakers and parliamentarians, including representatives from the Office for Conflict, Stabilisation, and Mediation of the UK Foreign, Commonwealth, and Development Office. He also met with multiple former Afghan government officials and Afghan human rights advocates. During these meetings, IG Sopko discussed the current situation in Afghanistan and SIGAR's continued oversight for Congress of U.S. assistance to the Afghan people. In addition to learning more about the reality on the ground in Afghanistan and the Taliban's activities, SIGAR obtained important information for ongoing and planned oversight projects focused on protecting current U.S.-funded assistance efforts in Afghanistan. This included allegations of numerous problems within UN programs in Afghanistan, which confirmed and supplemented information previously obtained by SIGAR.

Finally, at the invitation of King's College London and the Afghan Institute for Strategic Studies, IG Sopko delivered the keynote address at a conference titled, "Reimagining Afghanistan: Ways Forward." This public event was widely attended by UK policymakers, academics, international journalists, and members of the Afghan diaspora. IG Sopko spoke about the many oversight challenges the United States, the United Kingdom, and other international donors face while providing humanitarian aid to the Afghan people, as well as SIGAR's ongoing oversight work for Congress to help ensure that this assistance is protected from diversion by the Taliban.



SIGAR Supervisory Research Analyst David Young speaks at the Independent Commission for Aid Impact and Royal United Services Institute event in London, 7/10/2023. (SIGAR Photo by Shelby Cusick)

SIGAR RESPONDS TO CONGRESS

SIGAR Responds to Request from Senators John Kennedy, Kyrsten Sinema, Kevin Cramer, and Mike Braun Regarding Applying Lessons Learned from Afghanistan to U.S. Efforts in Ukraine

On July 7, 2023, SIGAR responded to a request from Senators John Kennedy, Kyrsten Sinema, Kevin Cramer, and Mike Braun to learn more about how lessons from the 20-year U.S. effort to rebuild Afghanistan can be applicable to “the current situation in Ukraine.”

SIGAR provided seven lessons spanning the entire U.S. reconstruction effort in Afghanistan, offered a brief discussion of how each challenge from Afghanistan appears to be manifesting in Ukraine as well, and put forward ideas for how Congress and U.S. agencies might address those similar challenges in Ukraine.

Those seven lessons are: (1) The U.S. government struggled to develop a coherent strategy for what it hoped to achieve in Afghanistan and imposed unrealistic timelines that led to wasteful and counterproductive programs; (2) Lack of effective coordination—both within the U.S. government and across the international coalition—was a major obstacle to success in Afghanistan and resulted in a disjointed patchwork of ineffective efforts, rather than a united and coherent approach; (3) Though viewed as our greatest strength, the level of financial assistance in Afghanistan was often our greatest weakness; (4) Corruption was an existential threat to the reconstruction mission in Afghanistan; (5) Building and reforming the Afghan security forces was hindered by their corruption, predation, and chronic dependency on the United States; (6) Tracking equipment provided to Afghan security forces proved challenging well before the government collapsed; and (7) Monitoring and evaluation efforts in Afghanistan were weak and often measured simple inputs and outputs rather than actual program effectiveness.

SIGAR’s full response to the request from the four senators is attached in Appendix G and available at www.sigar.mil.

SIGAR Responds to Request from Senator Charles Grassley Regarding Lessons Learned from Afghanistan

On June 15, 2023, SIGAR responded to a request from Senator Charles Grassley of Iowa, Ranking Member of the Senate Budget Committee to help policymakers “better understand the lessons learned from conducting Afghanistan reconstruction oversight that Congress can apply to other reconstruction efforts to ensure taxpayer money is used more efficiently in future efforts.” This is the first time SIGAR has been asked to apply the lessons from its 12 lessons-learned reports to a U.S. assistance effort in another country with an ongoing conflict. Senator Grassley specifically mentioned U.S. efforts in Ukraine as an area that could benefit from SIGAR’s Lessons Learned Program.

SIGAR answered several questions from Senator Grassley, including the Senator's request to identify "key challenges and obstacles to successful reconstruction in a war zone." SIGAR's response highlighted that (1) corruption is a key obstacle to success and in Afghanistan undermined the U.S. mission by enabling predatory behavior, exacerbating local conflict, and channeling support directly to the insurgency; (2) lack of effective coordination, both within the U.S. government and across the international coalition, was a major obstacle to success and resulted in a disjointed patchwork of ineffective efforts, rather than a united and coherent approach; (3) pervasive insecurity continuously undermined every effort to rebuild government and security institutions, and efforts to improve security often resulted in new or worse problems; (4) poor U.S. personnel policies, both civilian and military, meant that U.S. efforts were rarely overseen by trained and qualified staff; (5) the U.S. needs to understand the host country's social, economic, and political systems to successfully tailor its reconstruction efforts; and (6) U.S. government agencies rarely conducted sufficient monitoring and evaluation to understand the impact of their efforts.

SIGAR's full response to Senator Grassley's five questions is attached in Appendix F and available at www.sigar.mil.

PERFORMANCE AUDITS AND EVALUATIONS

SIGAR conducts performance and financial audits of programs and projects connected to the reconstruction effort in Afghanistan. SIGAR has nine ongoing performance audits and evaluations, and 43 ongoing financial audits, as shown in Appendix C of this report.

In the wake of the U.S. withdrawal and the collapse of the former Afghan government, SIGAR's independent and objective oversight of ongoing U.S. government funding and activities to support the people of Afghanistan is more vital than ever. In response to Afghanistan's changing environment, SIGAR's Audits and Inspections Directorate has adapted and re-prioritized its oversight work to meet emergent programming priorities and address areas of interest and concern to Congress and to the American taxpayer. These include U.S.-funded programs in Afghanistan, across multiple key sectors through the end of (at least) FY 2024 that support girls' and women's rights, counternarcotics, food assistance, education, and internally displaced persons.

Additionally, SIGAR has long emphasized the need for verification of reports by third-party monitors, which remains relevant as U.S. implementing agencies continue to rely on third-party monitoring and evaluation for their in-country programming. Moreover, SIGAR has identified donor coordination as an area needing improvement, a particularly applicable concern given ongoing U.S. funding to international organizations. The Audits and Inspections Directorate will maintain vigorous oversight in both these areas

to improve accountability and transparency, suggest process improvements, and generate lessons learned for other current and future overseas reconstruction and development efforts.

Performance Audit Report Issued

This quarter, SIGAR issued one performance audit report. A list of completed and ongoing performance audits can be found in Appendix C of this quarterly report.

Performance Audit 23-24-AR: Healthcare in Afghanistan USAID Did Not Perform All Required Monitoring, But Efforts Reportedly Contributed to Progress in Vital Services

This audit's objectives were to determine (1) whether the U.S. Agency for International Development (USAID) has conducted required oversight of its two largest public health activities, the Assistance for Families and Indigent Afghans to Thrive (AFIAT) and Urban Health Initiative (UHI); and (2) whether AFIAT and UHI are achieving their goals since these programs started in July 2020 and October 2020, respectively.

SIGAR found that USAID did not perform required oversight of the AFIAT and UHI programs and that USAID made progress toward, but did not ultimately achieve either program's goals. Afghanistan's healthcare sector remains beset by many challenges, despite over \$1.4 billion appropriated for USAID programs since 2002 to support initiatives ranging from nutrition to maternal health. While AFIAT and UHI reported improvements in the availability and quality of healthcare, as well as providers' capabilities, in urban and rural areas in Afghanistan through the programs' activities, SIGAR was unable to determine the extent of these programs' effectiveness due to USAID's inconsistent performance measurements and incomplete documentation. USAID continued to fund AFIAT and UHI, totaling 76% of its current, \$300 million healthcare investment in Afghanistan, despite both programs not meeting their goals.

Financial Audits

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

SIGAR's financial audit program identifies **questioned costs** resulting from a contract or grant awardee's lack of, or failure to comply with, internal

controls, or a failure to comply with applicable requirements. The results of SIGAR’s financial audits, including any recommendations about questioned costs, are provided to the funding agencies to make final determinations on fund recovery. Since 2012, SIGAR’s financial audits have identified \$534 million in questioned costs and \$366,718 in unpaid interest on advanced federal funds or other revenue amounts owed to the government.

This quarter, SIGAR completed six financial audits of U.S.-funded projects to rebuild Afghanistan. An additional 43 ongoing financial audits are reviewing \$638 million in auditable costs, as shown in Table 1.1. A list of completed and ongoing financial audits can be found in Appendix C of this quarterly report.

SIGAR issues each financial-audit report to the funding agency that made the award(s). The funding agency is responsible for making the final determination on **questioned amounts** identified in the report’s audit findings. As of June 30, 2023, funding agencies had disallowed \$29.5 million in questioned amounts, which are thereby subject to collection. It takes time for funding agencies to carefully consider audit findings and recommendations. As a result, final disallowed-cost determinations remain to be made for several of SIGAR’s issued financial audits. SIGAR’s financial audits have also identified and reported 746 compliance findings and 812 internal-control findings to the auditees and funding agencies.

Financial Audit Reports Issued

The six financial audits completed this quarter identified \$773,827 in questioned costs as a result of internal-control deficiencies and noncompliance issues.

Financial Audit 23-23-FA: USAID’s Afghanistan Peace Support Initiative Audit of Costs Incurred by DAI Global LLC

On February 15, 2019, USAID awarded a two-year, \$27,358,173 cost-plus-fixed-fee task order to DAI Global LLC to strengthen democracy and national stability in Malaysia and the surrounding regions, including Afghanistan. The task order consisted of five phases; on July 23, 2020, USAID activated phase four, a seven-month Regional Programming Option (RPO) in support of Afghan peace talks. The RPO’s objectives were to, among other things, support the Afghan peace process through analytical work and technical assistance to government institutions tasked with negotiating and implementing peace. USAID modified the contract 14 times; the modifications did not affect the total award amount, but the period of performance was extended to August 23, 2021. USAID then issued an administrative no-cost extension changing the period of performance to September 23, 2021.

SIGAR’s financial audit, performed by Davis Farr LLP (Davis Farr), reviewed \$4,157,345 in costs charged to the contract from July 23, 2020,

TABLE 1.1

SIGAR’S FINANCIAL AUDIT COVERAGE (\$ BILLIONS)	
241 completed audits	\$9.45
43 ongoing audits	0.64
Total	\$10.09

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

Source: SIGAR Audits and Inspections Directorate, 6/30/2023.

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

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

through September 23, 2021. Davis Farr did not find any material weaknesses or significant deficiencies in DAI Global's internal controls or any instances of noncompliance with the terms and conditions of the contract. Accordingly, the auditors did not identify any questioned costs.

Financial Audit 23-25-FA: Department of State's Core Operations in Kabul and the Continuation of Partnerships with Several Historical and Cultural Institutions

Audit of Costs Incurred by the University of Chicago

On January 25, 2017, the U.S. Department of State awarded a \$2,000,000 cooperative agreement to the University of Chicago to support core operations in Kabul and the continuation of partnerships with the National Museum of Afghanistan and the Afghan Institute of Archeology, in collaboration with the Afghan Ministry of Information and Culture. The principal goal of the agreement was to promote national unity and discourage violent extremism by building people-to-people connections. State modified the agreement six times; the modifications increased the total funding to \$4,525,000 and extended the period of performance from January 31, 2020, through December 31, 2022.

SIGAR's financial audit, performed by Davis Farr, reviewed \$3,863,090 in costs charged to the agreement from January 25, 2017, through December 31, 2021. Davis Farr identified one material weakness, one significant deficiency, and two deficiencies in the university's internal controls. The auditors also identified four instances of noncompliance with the terms of the agreement. Because of the deficiencies in internal controls and instances of noncompliance, Davis Farr identified \$632,866 in questioned costs.

Financial Audit 23-26-FA: Department of the Air Force's Former A-29 Pilot and Maintenance Training Program in Afghanistan

Audit of Costs Incurred by Sierra Nevada Corporation

In December 2019 and 2020, the U.S. Department of the Air Force awarded Sierra Nevada Corporation two nine-month, cost-plus-firm-fixed-price task orders, valued at a total of \$20,481,419, to support the Department's A-29 Pilot and Maintenance Training program in Afghanistan. The program's objective was to provide the Afghan Air Force technical services and materials necessary to prepare and present A-29 pilot and aircraft maintenance training courses, with the goal of making the Afghan Air Force self-sufficient in operations and maintenance tasks. The Department modified the orders 10 times, increasing the value of the task orders to \$21,995,279, and extending the periods of performance to December 31, 2020, and January 31, 2023, respectively.

SIGAR's financial audit, performed by Williams, Adley & Company-DC LLP, reviewed \$1,387,208 in costs charged to the task orders from January

1, 2020, through June 30, 2022. Williams Adley identified two significant deficiencies in Sierra Nevada Corporation's internal controls and two instances of noncompliance with the terms of the task orders. Because of the deficiencies in internal controls and instances of noncompliance, Williams Adley identified \$1,030 in total questioned costs.

Financial Audit 23-27-FA: USAID's SERVIR Program in Hindu Kush-Himalaya

Audit of Costs Incurred by International Centre for Integrated Mountain Development

On September 29, 2015, USAID awarded a \$7,000,000 cooperative agreement to the International Centre for Integrated Mountain Development (ICIMOD) to support the SERVIR program in the Hindu Kush-Himalaya region. The purpose of the agreement was to grow the network of government agencies, universities, and institutions in the region that use geospatial information and tools to improve decision-making related to sustainable mountain development. USAID modified the agreement five times, the period of performance was extended from September 30, 2020, through June 30, 2021, and the total funding increased to \$6,320,000.

SIGAR's financial audit, performed by Davis Farr, reviewed \$3,100,024 in costs charged to the agreement from period October 1, 2015, through June 30, 2021. Davis Farr identified one material weakness and three significant deficiencies in ICIMOD's internal controls and four instances of noncompliance with the terms of the agreement. Because of the deficiencies in internal controls and instances of noncompliance, Davis Farr identified \$61,574 in questioned costs.

Financial Audit 23-28-FA: USAID's Capacity Building Activity for the Afghan Ministry of Education

Audit of Costs Incurred by Chemonics International Inc.

On February 1, 2017, USAID awarded a five-year, combination contract to Chemonics International Inc. The purpose of the contract was to implement a capacity building activity for the Afghan Ministry of Education. This combination contract consisted of a cost-plus fixed fee completion type contract and single-award indefinite delivery indefinite quantity type contract. The CPFF contract was valued at \$19,960,364 and the IDIQ contract was valued at \$3,252,254 for a total of \$23,212,618. The program's objectives were to improve the Ministry's systems and procedures for better provision of educational services and to build greater transparency and accountability of national/subnational Ministry of Education systems. USAID modified the agreement 12 times and extended the period of performance through January 10, 2022. The total award amount did not change.

SIGAR's financial audit, performed by Davis Farr, reviewed \$1,754,471 of contract costs incurred from February 1, 2021, through January 10, 2022.

Davis Farr identified one deficiency in Chemonics' internal controls and one instance of noncompliance with the terms of the contract. Because of the deficiency in internal controls and the instance of noncompliance, Davis Farr identified \$2,132 in questioned costs.

Financial Audit 23-29-FA: USAID's Exports, Jobs, and Market Linkages in Carpet and Jewelry Value Chains Program in Afghanistan

Audit of Costs Incurred by Turquoise Mountain Trust

On January 31, 2019, the USAID Mission to Afghanistan awarded a \$9,941,606 cooperative agreement to Turquoise Mountain Trust to support the Exports, Jobs, and Market Linkages in Carpet and Jewelry Value Chains Program in Afghanistan. The program's objectives included creating jobs and exports within the carpet and jewelry sectors and supporting new jobs through the integration of carpet producers, jewelers, and weavers into international value chains. USAID modified the agreement five times; the total award amount and the period of performance, ending April 30, 2023, did not change.

SIGAR's financial audit, performed by Davis Farr, reviewed \$2,341,038 in costs charged to the agreement from January 1, 2021, through December 31, 2021. Davis Farr identified two material weaknesses and four significant deficiencies in the Turquoise Mountain Trust's internal controls and six instances of noncompliance with the terms of the agreement. Because of the deficiencies in internal controls and the instances of noncompliance, Davis Farr identified \$76,225 in questioned costs.

Status of SIGAR Recommendations

The Inspector General Act of 1978, as amended, requires SIGAR to report on the status of its recommendations. This quarter, SIGAR closed 17 recommendations contained in nine performance-audit, inspection, and financial-audit reports.

From 2009 through June 2023, SIGAR issued 465 audits, alert letters, and inspection reports, and made 1,297 recommendations to recover funds, improve agency oversight, and increase program effectiveness.

SIGAR has closed 1,198 of these recommendations, about 92%. Closing a recommendation generally indicates SIGAR's assessment that the audited agency either has implemented the recommendation or has otherwise appropriately addressed the issue. In some cases, where the agency has failed to act, SIGAR will close the recommendation as "Not Implemented;" SIGAR closed a total of 252 recommendations in this manner. In some cases, these recommendations will be the subject of follow-up audit or inspection work.

SIGAR is also required to report on any significant recommendations from prior reports on which corrective action has not been completed. SIGAR works with agencies to obtain the sufficient, relevant information

necessary to resolve recommendations. If documentation is insufficient or does not meet the intent of a recommendation, it remains open. This process continues until SIGAR receives the information necessary to close the recommendation.

This quarter, SIGAR continued to monitor agency actions on 99 open recommendations. Of these recommendations, 58 have been open for more than 12 months because the agency involved has not yet produced a corrective-action plan that SIGAR believes would resolve the identified problem, or has otherwise failed to appropriately respond to the recommendation(s).

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

LESSONS LEARNED

SIGAR's Lessons Learned Program (LLP) was created to identify lessons from the U.S. reconstruction in Afghanistan, and to make recommendations to Congress and executive branch agencies on ways to improve current and future reconstruction efforts. Unlike performance audits, which often look at a specific programs or projects, lessons-learned reports provide in-depth reviews of major issues (such as corruption and gender equality) and large-scale efforts (such as security-sector assistance and counternarcotics) involving multiple U.S. agencies and programs over long periods of time.

To date, LLP has produced 12 lessons-learned reports and three evaluations pertaining to the collapse of the former Afghan government and security forces in response to Congressional requests. SIGAR's lessons-learned reports offer detailed and actionable recommendations to policymakers and respond to the needs of U.S. implementing agencies—both in terms of accurately capturing their past efforts and providing timely and actionable guidance for future efforts. Lessons-learned reports have identified over 216 specific findings and lessons and made over 156 recommendations to Congress, executive branch agencies, and the previous Afghan government.

This quarter, LLP produced two letters in response to Congressional requests for information about the lessons from Afghanistan for other conflicts such as Ukraine. LLP continues to examine timely issues related to ongoing efforts in Afghanistan. LLP is closely following developments related to the \$3.5 billion Afghan Fund. As part of that effort, LLP is analyzing the Fund's operations and policies, as well as the makeup and selection of its board of trustees and administrative staff.

In addition, LLP is looking at best practices from around the world for how the U.S. government can help people in need in other countries without benefiting the hostile or predatory regimes that control those countries. The aim of this effort is to determine the best way to provide needed aid to the people of Afghanistan without benefiting the Taliban.

INVESTIGATIONS

Following the U.S. withdrawal and the collapse of the former Afghan government, SIGAR's investigations and criminal inquiries into corruption-related theft of U.S. taxpayer monies spent in and on Afghanistan continue. SIGAR's Investigations Directorate (INV) oversees and investigates the misuse of reconstruction funds provided prior to and post-August 2021, and works with cooperating U.S. government partners to identify weaknesses in financial institutions that contribute to capital flight from Afghanistan and to access intelligence on illicit financial networks. This quarter SIGAR INV met with cooperating law enforcement agencies and the Department of Justice to initiate criminal inquiries and gather evidence as part of SIGAR's Follow the Money and Capital Flight initiatives.

Beginning in 2022, SIGAR's Follow the Money and Capital Flight initiatives include (1) identifying all financial institutions in Afghanistan that U.S. reconstruction funds were deposited into for an 18-month period prior to the collapse of the former Afghan government; (2) working with financial agencies and law enforcement partners to identify monetary outflows from Afghanistan that may be connected to former Afghan government officials, politically connected individuals, and others involved in suspicious transactions, and identifying high value real estate purchased by such individuals in the United States or abroad for potential connection to capital flight and potential seizure; and (3) developing extensive networks and contacts to uncover the identity of individuals, entities, and shell corporations used by former Afghan government officials or politically connected individuals who may have benefited from the theft of reconstruction funds or capital flight from Afghanistan.

Additionally, SIGAR INV personnel have collaborated with the Department of State Diplomatic Security Service, the Defense Criminal Investigative Service, and other U.S. entities in response to an influx of Special Immigrant Visa (SIV) fraud. U.S. criminal investigators continue to identify U.S. citizens, military and civilian, who were assigned to Afghanistan and have authored fraudulent letters of recommendation for non-qualified Afghanistan nationals in exchange for monetary payments, thus circumventing proper application and vetting protocols established by the U.S. government.

Investigations Directorate Results

During the reporting period, SIGAR's criminal investigations resulted in one sentencing. SIGAR initiated three cases and closed three, bringing the total number of ongoing investigations to 26, as shown in Appendix D.

To date, SIGAR investigations have resulted in a cumulative total of 169 criminal convictions. Criminal fines, restitutions, forfeitures, civil settlements, and U.S. government cost savings and recoveries total approximately \$1.67 billion.

Former Employees of U.S. Contractors Prosecuted for Steering Military Contracts

On April 12, 2023, in the U.S. District Court, Northern District of Georgia, Orlando Clark was sentenced to three years and 10 months in prison for his role in two bribery conspiracies relating to a U.S. military contracts fraud scheme and a Department of State visa fraud scheme. Clark worked closely with Todd Coleman, an analyst at a U.S. company who was deployed to Afghanistan in 2011 and 2012 to evaluate bids for U.S.-funded reconstruction contracts awarded by the U.S. military. Clark was also deployed to Afghanistan at the time, working as a construction manager at a U.S. company managing the U.S. government's award of contracts. Coleman and Clark manipulated the procurement of government contracts to increase the value of the contracts and facilitate bribes. To conceal bribe payments, they registered fictitious limited liability companies (LLCs) in Georgia, opened bank accounts in the names of the fictitious LLCs, deposited bribe payment proceeds into the accounts, and created false invoices to make it appear they were involved in a car-exporting business in the United Arab Emirates. Coleman and Clark sent approximately 22 wire transfers, totaling close to \$255,000 in bribe payments, through the fictitious LLCs and provided intentionally misleading information to banks concerning the wires' purpose. In total, they steered approximately 10–12 U.S. government contracts to Afghan companies and received \$400,000 in bribe payments.

Additionally, between 2015 and 2020, Clark signed over 10 letters of recommendation in support of SIV applications for Afghan nationals whom he falsely claimed to have supervised while deployed to Afghanistan. He stated in the letters, without any factual basis, that he had no reason to believe that the individuals posed a threat to U.S. national security; he received \$1,500 in bribe payments for each letter of recommendation. On February 9, 2023, in the U.S. District Court, Northern District of Georgia, Todd Coleman was sentenced to 33 months' imprisonment, three years' supervised release, and ordered to forfeit \$100,000.

OTHER SIGAR OVERSIGHT ACTIVITIES

Inspector General Sopko Speaks at the University of Toronto's Munk School of Global Affairs and Public Policy

On April 24, 2023, Inspector General Sopko participated in a panel discussion at the University of Toronto's Munk School of Global Affairs and Public Policy. The topic of the panel was "What Went Wrong in Afghanistan." SIGAR Lessons Learned Supervisory Analyst Dan Fisher participated in a second panel titled "Applying Afghanistan's Lessons." IG Sopko's remarks drew from SIGAR's capstone lessons-learned report *What We Need to Learn*—issued two days after the Taliban takeover—and



IG Sopko at a panel discussion with Bilal Sarwary, an Afghan journalist (far left), Parwiz Kawa, Founding Member and Executive Director of 8AM Media (left), and David Michalski, Doctors Without Borders Special Advisor (far right) at the University of Toronto, 4/24/2023. (SIGAR Photo by Dan Fisher)

SIGAR’s reports on the collapse of the Afghan government and the demise of its security forces.

IG Sopko commented on U.S. failures to implement adequate oversight, to formulate a coherent strategy for what it hoped to achieve in Afghanistan, to ensure that programs and projects were sustainable, and to implement sufficient monitoring and evaluation, among other topics. In the second panel, Mr. Fisher discussed the applicability of Afghanistan’s lessons to other contexts, including to other countries in which the United States aims to address instability, and to U.S. efforts to assist Ukraine.

SIGAR BUDGET

SIGAR is currently funded under H.R. 2617, the Consolidated Appropriations Act, 2023, signed into law on December 29, 2022. This bill provides \$35.2 million (fully funding SIGAR’s revised budget request) to support SIGAR’s oversight activities and products by funding SIGAR’s Audit and Inspections, Investigations, Management and Support, Research and Analysis Directorates, and Lessons Learned Program. In addition, the Joint Explanatory Statement (JES) accompanying the bill directs that “the Secretary of State and USAID Administrator shall work with SIGAR to resolve any disputes related to SIGAR’s ongoing investigatory and audit work, consistent with prior fiscal years.” The JES further directed “the Special Inspector General,

the Secretary of State, and the USAID Administrator [to] brief the Committees on Appropriations on the status of cooperation not later than 60 days after the date of enactment of [the] Act and every 90 days thereafter until September 30, 2023.”

SIGAR STAFF

With 124 employees on board at the end of the quarter, SIGAR had seven fewer staff members than reported in the last quarterly report to Congress.

“The United States strongly condemns the Taliban’s systemic discrimination against women and girls, including bans and restrictions on access to education and employment. Standing with Afghans in their struggle for dignity and free exercise of their human rights is a matter of principle and a strategic imperative.”

— *U.S. Special Envoy for Afghan Women, Girls, and Human Rights Rina Amiri*