



Prepared Remarks of
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“Remarks on 2021 SIGAR High-Risk List”

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Thank you for that kind introduction. I want to thank CSIS and my longtime friend and colleague, Tony Cordesman, for hosting me today. I am here this morning to discuss SIGAR’s 2021 High-Risk List report for Congress, highlighting the eight key risks to the American taxpayer’s \$143 billion investment in Afghanistan’s reconstruction and ultimate peace in that country. This is the fourth High-Risk List SIGAR has issued, and the third I have had the privilege of releasing at CSIS.

I start by reminding us all of something Aristotle once said – that “it is more difficult to organize peace than to win a war, but the fruits of victory will be lost if the peace is not well organized.” Accordingly, I believe this may be the most important High-Risk List that SIGAR has produced as it comes at a most critical time. For the first time since U.S. forces entered Afghanistan in October 2001, the clock truly is ticking on America’s longest war. May 1st – a mere fifty-two days from now – is the date upon which U.S. forces, under the terms of the Trump administration’s agreement with the Taliban, are to fully withdraw from Afghanistan.

As many of you I am sure are aware, multiple reports from Kabul over the past week indicate that the Biden administration is pursuing a new effort to end the war and bring peace to Afghanistan. The situation remains extremely fluid, but, notably, numerous press reports indicate that Secretary of State Blinken recently reiterated to President Ghani that a withdrawal of U.S. forces by May 1st remains under consideration.

U.S. forces in Afghanistan now stand at 2,500, the lowest level since 2001, and a 98 percent reduction from their peak. As Secretary of State Blinken and Secretary of Defense Austin have stated, it remains in our nation’s interest to ensure that Afghanistan never again becomes a safe haven or breeding ground for terrorists that can harm the United States. The goal of America’s reconstruction effort in Afghanistan

is to help build a stable government with strong security forces to support that counter-terror mission. After inheriting an agreement and deadline, the new Administration and new Congress must decide the future of both our counterterrorism and reconstruction missions in Afghanistan.

Let me mention one caveat before going any further. Neither SIGAR nor today's report takes a position on what those future missions should look like, nor do we have an opinion about the future presence of U.S. forces in Afghanistan. We leave those decisions to the policymakers. What this report does do is highlight current risks to our reconstruction goals in Afghanistan – risks that will remain relevant as long as the reconstruction mission continues, regardless of what diplomatic and political agreements may be reached going forward.

As I noted two years ago when I released our last High Risk list, Afghanistan faces a multitude of challenges, many of which have only been exacerbated since then. Continued insecurity, uncertain post-peace settlement funding, the challenge of reintegrating fighters, endemic corruption, lagging economic growth, threats to women's rights, the illicit narcotics trade, and inadequate oversight by donors are the areas that we believe pose risks to both the Afghan state and American national security interests.

While some suggest that the United States may be able to achieve its counter-terrorism and reconstruction objectives in Afghanistan from “over the horizon,” I think most would agree that the best chance of achieving those objectives is to be able to partner with a strong, stable, democratic, and self-reliant Afghan state.

Right now, that state is under threat. In the wake of the February 2020 withdrawal agreement, all is not well. Taliban attacks have actually increased since the agreement was signed, as have assassinations of prominent officials, activists, journalists, aid workers, and others. A Taliban offensive on Kandahar City last October – as peace negotiations were ongoing – may well have succeeded were it not for U.S. air support. Peace talks between the Afghan government and the Taliban have achieved little so far, and time will tell as to whether the new Biden administration initiative will bear fruit.

And the Afghan government's fears for its survival are exacerbated by the knowledge of how dependent their country is on foreign military and financial support. If the goal of the reconstruction effort was to build a strong, stable, self-reliant Afghan state that could protect our national security interests as well as its own – it is a mission yet to be accomplished.

While the world's attention is on the potential withdrawal of the 2,500 U.S. and

over 7,000 coalition soldiers in the country, Afghanistan's dependence on international financial and logistical support for its security forces may well be a more critical concern. Consider the numbers. Almost 80 percent of Afghanistan's \$11 billion in public expenditures in 2018 – the most recent year figures are available for – was covered by international donors. And, things have not gotten any better since then. Of the almost \$4.3 billion that the Defense Department estimates is required to fund Afghanistan's security forces in fiscal year 2021, the Afghan government plans to contribute just \$610 million. A seemingly paltry contribution, but one that represents approximately 24 percent of Afghanistan's total estimated domestic revenue.

Further, the Defense Department no longer considers the long-held goal of a financially self-sustaining Afghan security force by 2024 to be realistic. All the while, the Afghan government may be learning that – after nearly two decades of financial support – the patience and interest of international donors may not be infinite after all.

At the 2020 Afghanistan Conference held virtually in Geneva this past November, participants from 66 countries and 32 international organizations pledged approximately \$3.3 billion in development aid for 2021, with annual commitments expected to stay at the same level until 2024. This was a significant reduction from the amounts pledged in 2016 and, when combined with another \$3.6 billion in security assistance, is close to the bare minimum experts believe is necessary to preserve Afghanistan as a viable state. Further cuts would, in their opinion, be highly destabilizing.

Compounding matters, as today's report indicates, the Afghan government cannot effectively manage the money it currently receives from international donors, particularly when it comes to the finances of its security forces. The U.S. military believes the Afghan government may be several years away from being able to take over ownership, management, and sustainment of the \$50 million payroll system used to ensure that the U.S. taxpayer is not paying for Afghan "ghost" soldiers who exist only on paper, and that military and police salaries do not end up in the pockets of corrupt officials.

As I previously noted, while almost all of the attention to date has been on the withdrawal of U.S. and coalition military forces, an equally serious threat to Afghan stability is largely being ignored. And that is the provision of last year's U.S.-Taliban agreement that stipulates that in addition to the departure of troops, all non-diplomatic civilian personnel, private security contractors, trainers, advisors, and supporting services personnel also must leave the country by May 1st. Should this come to pass, SIGAR and many others believe this may be more devastating to the effectiveness of the Afghan security forces – and the survival of the Afghan state as we know it – than

the withdrawal of our remaining military forces.

Why? Because the Afghan government relies on these foreign contractors and trainers to function. For example, in the first quarter of fiscal year 2021, there were over 18,000 Defense Department contractors in Afghanistan, including 6,000 American citizens and 7,000 third-country nationals. Under the terms of the existing U.S.-Taliban agreement, many, if not all, of those 13,000 personnel, 40 percent of whom are responsible for logistics, maintenance, or training tasks, would be required to leave the country.

It is well known that the Afghan security forces rely heavily on these contractors to maintain their equipment, manage supply chains, and train their military and police to operate the advanced equipment that has been purchased for them. As of December, the Afghan National Army was completing just under 20 percent of its own maintenance work orders, well below the goal of 80 percent. The Afghan National Police were worse – undertaking 12 percent of their own maintenance against a target of 35 percent.

Additionally, the Department of Defense's Train, Advise, and Assist Command – Air, or TAAC-Air, recently reported that since late 2019, they have reduced their personnel in Afghanistan by 94 percent and the military drawdown now requires “near total use of contract support to maintain the Afghan Air Force fleet.” TAAC-Air reported that the reduction in personnel necessitated ending advanced training for Afghan pilots on both the MD-530 and UH-60 helicopter platforms and may threaten A-29 training. They assess that “further drawdown and the associated closure of bases will effectively end all in-country aviation training contracts in Afghanistan.”

Again, why does SIGAR and other experts view this as a serious threat to Afghanistan's stability? Namely, because contractors currently provide 100 percent of the maintenance for Afghan Air Force UH-60 helicopters and C-130 cargo aircraft, and a significant portion for Afghan light combat support aircraft. And, TAAC-Air's bleak assessment is that no Afghan airframe can be sustained as combat effective for more than a few months in the absence of contractor support. Let me repeat that – no Afghan airframe can be sustained as combat effective for more than a few months in the absence of contractor support.

Building Afghanistan's security forces has been, by far, the most expensive portion of the U.S. reconstruction effort in Afghanistan. But even if U.S. financial assistance continues, the lack of enough experienced and trained Afghan personnel, combined with the absence of U.S. military and contract support in Afghanistan, would negatively impact the Afghan security forces, threaten the Afghan state, and imperil our own national security interests should Afghanistan further destabilize.

Beyond the impact on its military, Afghanistan's reliance on reconstruction assistance presents both risks and opportunities to the donor community. As we note in our report, a potential peace may be threatened if donor financial assistance is reduced too much, too fast, or donors insist on conditions that cannot be achieved by either the Afghan government or the Taliban. However, continued funding for U.S. reconstruction programs aimed at promoting economic development, rule of law, respect for human rights, good governance, and security for the Afghan people may become the primary lever of U.S. and other donor influence in the country.

It appears that even the Taliban understand Afghanistan's dire need for foreign assistance, as one of the commitments the U.S. had to make was to "seek economic cooperation for reconstruction with the new post-settlement Afghan Islamic government."

But how much the donor community wishes to stay involved will of course depend on what that government looks like and how it behaves. Numerous officials, including then-Secretary of State Pompeo and Ambassador Khalilzad have stated that the U.S. will be able to advance its human rights goals – including the rights of women and girls – with the Taliban by leveraging of much-needed financial assistance to a post-peace government.

But as SIGAR has long reported, even when conditionality involved only the Afghan government, donors do not have a stellar track record of successfully utilizing conditionality to influence Afghan behavior.

That said, the basic risk facing the current and any potential post-peace Afghan government is whether future foreign assistance levels during this uncertain period will be sufficient to prevent its collapse. The recent donor conference provides some assurances but also some concerns.

On the one hand, the amounts pledged at the November donor conference for civilian, non-security assistance to the Afghan government through 2024 represent a 15 percent decrease compared to the amount of aid pledged four years earlier. The amount pledged, if fulfilled, comes close to the \$3 billion in donor assistance for civilian expenditures that Overseas Development Institute researchers determined was the minimum yearly amount necessary to preserve Afghan state functionality. They found that an additional \$3.6 billion would be required for security for which, they noted, the United States is presently the only major donor. And Congressional appropriations for security assistance to Afghanistan are at their lowest point in well over a decade.

On the other hand, the World Bank has estimated that the costs of implementing

a peace agreement would require roughly \$5.2 billion in new, additional civilian assistance through 2024. This is above and beyond the \$6.9 billion which appears to be the bare minimum the Afghan government needs to survive. Rather than a peace dividend, the international donor community may instead get stuck with the bill. But without continued donor support and the associated leverage that would come with it, any post-peace government may be unlikely to sustain efforts on areas of great concern to donors, including the protection of the rights of women and girls.

While all Afghans have a stake in the negotiations that are underway, Afghan women and girls have reason for particular concern about the outcome given the treatment they faced during the period of Taliban rule. As the SIGAR's recent lessons learned report on U.S. efforts to support gender equality notes, real gains have been made over the past 19 years, particularly in the areas of health care and education.

But while challenges persist, there are significant fears that should the Taliban enter government, what fragile progress has been made will be rolled back. And while U.S. officials involved in negotiating the U.S.-Taliban agreement have said that the leverage of U.S. financial assistance will provide the carrot and stick to induce any post-peace Afghan government to respect the rights of women and girls, withholding assistance may lead to greater insecurity and women and girls will suffer as a result. As ever, in Afghanistan one must always be wary of the law of unintended consequences.

As we highlight in today's report, one of those unintended consequences of the reconstruction effort – corruption – continues to fester as international donors have, in their own self-interest, entered into a devil's bargain with successive Afghan governments to provide enormous amounts of financial assistance that paradoxically may end up undermining the entire military and reconstruction effort.

As SIGAR has long reported, foreign assistance has distorted the Afghan economy and exacerbated the corruption problem. Moreover, international donors, including the U.S., have largely failed to use their leverage to insist on more robust anti-corruption efforts by the Afghan government. As an Inspector General, my primary concern about corruption in Afghanistan is that taxpayer dollars are not wasted or misused. But beyond that, Afghanistan's endemic corruption provides oxygen to the insurgency and undermines the Afghan state. Back in 2014, former ISAF Commanding General John Allen was not hyperbolic when he told Congress that corruption, not the Taliban, was the existential threat to the Afghan government.

Yet for all the anti-corruption benchmarks and spreadsheets that have been passed between foreign embassies in Kabul and the Presidential Palace, the Afghan government's anti-corruption efforts remain largely ineffectual. We at SIGAR have

repeatedly noted that the Afghan government too often makes “paper” reforms – drafting regulations and holding meetings – rather than taking concrete action like arresting powerful Afghans on corruption charges.

But positive change can be made to happen. Our work has found that the Afghan government tends to take meaningful action only when donors are engaged, speak with one voice, and call for reforms to curb systemic corruption.

That is why I believe that donors missed a key opportunity at the November donors conference. The anti-corruption framework agreed to at the conference falls short because it fails to outline specific financial consequences for the Afghan government if it fails to meet its anti-corruption obligations. As a result, it is unclear if whatever consequences are eventually set will be severe enough to alter this or any future Afghan government’s behavior and incentivize meaningful reforms.

If, even at this pivotal time – just last November – the donors did not have the will to place hard, concrete anti-corruption conditions on our foreign assistance – will we ever? The Afghan government is severely dependent on international assistance – its grip on power may be slipping away and still, international donors were not able to condition further assistance to the Afghan government with specific penalties if their anti-corruption efforts failed to improve. Just as troubling, the international donors also did not include counternarcotics efforts among the conditions for further assistance. This, too, was another missed opportunity for donors to demand measurable improvements to address one of the major sources of corruption, as well as financial support to the insurgency.

A key lesson we at SIGAR have espoused is that donor governments have to be willing to say no and pull the money back, not only to protect their taxpayers, but because a corrupt, narcotic fueled Afghan state will never be a reliable partner able to protect itself or the interests of the United States and other donors.

While the Afghan government has been able to escape such conditions in the past, today our report suggests the donor community should realize the Afghan government is focused on a single goal: survival. Afghanistan is more dependent on international support than ever before. It is not an overstatement to fathom that, if foreign assistance is withdrawn and peace negotiations fail, Taliban forces will be at the gates of Kabul in short order. After all, it was when the rubles from Moscow stopped coming – not when Soviet troops withdrew – that Afghanistan descended into civil war.

Even if the Taliban doesn’t threaten the stability of the Afghan government, the Afghan people – 85 percent of whom state that corruption is a problem in their daily

lives – may do the job for them. As Samantha Power, President Biden’s nominee for USAID Administrator, recently wrote, “anger over corruption and misconduct has been a driving force behind a surge in mass mobilizations around the world.” Apropos of today’s event, Tony, I should note that in her article, she cites CSIS data that of the 37 major protest movements that occurred in 2019, opposition to corruption played a role in roughly half, leading, in many cases, to leaders’ resignations and changes of government.

In conclusion, if the Afghan government, whether it includes the Taliban or not, wants the support of both international donors and its own populace, it must take concrete action to tackle corruption and protect human rights – especially the rights of women and girls. And if international donors want both a stable, secure, democratic Afghanistan, as well as public support to continue assistance to Afghanistan, they must take meaningful action to incentivize the Afghan government to do the right thing.

Make no mistake, Afghanistan is at an inflection point. While the gravity of the decisions that will need to be made about the number of boots on the ground and the future form of the Afghan state are sobering, decisions about our future financial commitment to Afghanistan are equally so and as our report we issue today concludes, just as critical to the success of our nearly 20 year old counterterrorism and reconstruction objectives.

Thank you.