



Prepared Remarks of
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Thank you for that kind introduction, and thanks to the Naval Academy, Vice Admiral Carter, and Dr. Mattox for inviting me to speak today.

I’d like to discuss one of the most important national security issues facing our nation, and one that presents challenges that many of you may face once you leave these hallowed halls. Namely, how to rebuild and strengthen failed or fragile states where terrorists operate. For as much as we hear that we’ll never undertake efforts like those in Syria, Iraq, Afghanistan, or Somalia ever again, I argue that history has demonstrated otherwise.

Many of you may be on the front lines of history in addressing these projects of the future, whether in theater or in Washington. So, I think it is important to share the lessons that my little agency with the tobacco-flavored acronym has identified from our country’s 18-year involvement in Afghanistan in the hope that you as well as our nation may be able to improve future reconstruction and stabilization efforts there.

You all know that Afghanistan is our nation’s longest war. Our investment there is unprecedented. To date, the U.S. has provided over \$132 billion for Afghanistan’s reconstruction, a number that does not include the significantly higher cost of warfighting, which the Pentagon estimates to have cost as much as \$800 billion. Adjusting for inflation, we have spent more on Afghanistan’s reconstruction than we spent on the entire Marshall Plan to rebuild western Europe after World War II. And the United States, along with our coalition allies, have pledged billions more for years to come, even if troop levels decrease.

Of course, the more than 2,200 lives of U.S. service members that have been lost in Afghanistan cannot – and should not – ever be measured in monetary terms. It is

in their memory and in the hopes of saving lives in the future that I believe it is critically important to learn the right lessons from Afghanistan.

SIGAR 101

But, first allow me to provide a little background on my agency and the work we've done to identify those lessons. Congress established SIGAR as an independent inspector general in 2008 to monitor American tax dollars supporting the reconstruction mission in Afghanistan and to identify instances of waste, fraud, and abuse.

SIGAR is unique and very different from other IG offices:

First, we are temporary. SIGAR's enabling legislation requires that we wind down once the balance of undisbursed funds for Afghanistan's reconstruction falls below \$250 million. Accordingly, for us, time is of the essence.

Second, unlike every other IG, SIGAR is not housed within any single federal agency. Our remit extends to any dollar spent on reconstruction by any federal agency, whether it be the Department of Defense, Department of State, USAID, or even outliers such as the Departments of Agriculture and Commerce. This authority is critical to have for any IG overseeing a reconstruction effort, because such efforts – by their very nature – encompass – a “whole of government” collaborative effort between the military and numerous civilian agencies. Other IGs are stove-piped and can only look at the work that their agency conducts; we look at the entire picture.

Third, our work focuses exclusively on reconstruction programs in Afghanistan, which are broadly defined to include training and sustaining the Afghan national security forces, promoting the rule of law, constructing schools and clinics, funding counternarcotics programs, and paying the salaries of Afghan police, soldiers, and civil servants.

SIGAR employs nearly 200 auditors, analysts, engineers, criminal investigators, and other professionals, with over 30 permanently stationed in Afghanistan. We have more oversight personnel in Afghanistan than DOD, State, and USAID combined, as well as the largest U.S. law enforcement presence in Afghanistan.

Since SIGAR's creation we have issued over 450 audits, inspections, and other products and made nearly 900 recommendations to federal agencies, identifying nearly

\$1 billion in savings to the taxpayer in the process. SIGAR's law enforcement personnel have conducted over 1,000 investigations, secured over 130 guilty pleas and convictions, and recovered approximately \$1.5 billion in criminal fines, restitution, forfeitures, civil settlements, and other cost savings for the taxpayer.

The Security Situation

Since I was appointed as SIGAR in 2012, the most significant change for our agency has been adjusting to the deterioration of the security situation in Afghanistan since the military surge ended nearly six years ago. While SIGAR employees were once able to travel throughout the country, we are now --- like every other U.S. civilian agency – largely limited to Kabul. Even moving around Kabul requires the approval of the U.S. Ambassador and massive security at significant cost.

For several years now, all U.S. civilian personnel have been required to take a helicopter from the international airport in Kabul to the U.S. Embassy – a distance of just over two miles, as ground travel is considered too dangerous.

While the military obviously has greater mobility, the danger to our forces over there is just as real, as evidenced by the recent insider attack on a meeting that the head of U.S. forces, General Scott Miller, was attending at the Governor's office in Kandahar. Tragically, a U.S. general accompanying General Miller was significantly injured in that attack. Unfortunately, the security situation appears unlikely to significantly improve any time soon.

Lessons Learned

As I mentioned earlier, I believe it is important for SIGAR to leave behind lessons for future policymakers and decision-makers, such as yourselves, to utilize in reconstruction and stabilization efforts. To that end, at the suggestion of former U.S. Commanding General John Allen and Ambassador Ryan Crocker I established a Lessons Learned Directorate within SIGAR to identify what the United States has done well – and not so well – in Afghanistan.

This was needed because individual agencies have been constrained from deriving any long-term lessons in Afghanistan largely because their personnel rotate out of country after a year or less in what I call the “annual lobotomy.” To paraphrase former military officer John Paul Vann's reflection on Vietnam, we don't have 18 years'

experience in Afghanistan, we have one year's experience 18 times over.

To date, SIGAR has issued lessons learned reports on the effects of corruption on the reconstruction effort; on the effectiveness of efforts to rebuild the Afghan security forces; on the impact of U.S.-funded private sector development programs in Afghanistan; on military and civilian stabilization efforts; and on U.S. counternarcotics efforts. Ongoing projects include looking at coordination between the U.S. and our coalition partners; reintegration efforts; elections; and contracting in a conflict zone.

With the completion of our first five reports, we have been able to identify a great number of common threads and lessons that seem to have afflicted our mission in Afghanistan. For the sake of brevity, I'll focus on three key areas today.

- First, conflating inputs and outputs with successful outcomes;
- Second, the lack of coordination within our own government, with the Afghans, and with other partner governments; and
- Finally, the impact of corruption on virtually every U.S. initiative.

Inputs, Outputs, and Outcomes

The first lesson that we've observed in Afghanistan has been our agencies' inability to properly define requirements, measure effectiveness, and assess sustainability. The fundamental problem is that U.S. agencies tend to measure inputs and outputs, rather than outcomes.

U.S. agencies are very good at measuring inputs – usually the amount of money put on contract or otherwise expended. They're also generally good at measuring outputs – whatever it was the money paid for, like the number of soldiers trained or how many schools and hospitals have been built. But as SIGAR has consistently identified in our work, agencies generally do a poor job of measuring outcomes, which is how one judges whether a program or project was successful or not.

Simply building something doesn't make it a successful project, because while you may know that a hospital or school has been built, you have no idea if that hospital has any doctors or how qualified they are – or if that school has any teachers, permits

girls to attend, and whether it's using the government or Taliban curriculum.

Without verifiable outcomes, agencies tend to overstate how successful their programs and projects are, which leaves the American people wondering why if we've been so successful we're still in Afghanistan after 18 years.

One example of this phenomenon was identified when my staff went to inspect a dry fire range in Logar Province that was designed to look like a typical Afghan village and would be used to train the Afghan police. The Defense Department contracted with an Afghan firm to build the range for \$500,000. That was the input. DOD subsequently accepted the facility and paid the contractor in full. DOD, upon completion of the range, now had its output. The problem was that within four months, the range's buildings began to literally "melt" in the rain and crumble because the contractor used substandard bricks instead of the more expensive materials the contract required. Compounding matters, the U.S. government failed to hold the contractor accountable before the expiration of the warranty, so the buildings had to be demolished at additional expense to the taxpayer.

The Defense Department certainly had its input, and at least until the building melted, it had its output, but the intended outcome of expending the taxpayer funds in the first place – improving the capabilities of the Afghan police – obviously was not enhanced by this particular project.

If there's nothing else that you take away from today's discussion, let it be the importance of analyzing the difference between inputs, outputs, and outcomes – with an emphasis on the outcomes.

Lack of Coordination

Another common theme we've identified in Afghanistan is a lack of coordination within our own government, with the Afghans, and with other governments during the course of the reconstruction effort.

One example were efforts undertaken by the U.S. government to develop the extractives sector in Afghanistan. Our audits found that not only did the U.S. government not have a unified strategy for the development of the extractives industry, a Department of Defense task force and USAID were working at cross purposes against each other. The DOD task force felt that coordination with USAID was "a courtesy,"

rather than a requirement, which is rather remarkable given that reconstruction efforts require an effective “whole of government” approach.

Communication was so bad that, rather embarrassingly, an Afghan official once thanked the U.S. Ambassador for a \$39 million project that the Ambassador had no knowledge of, because the Defense Department task force that built it had failed to inform anybody at the U.S. Embassy.

Another example of a lack of coordination and accountability in the reconstruction mission was pointed out to me during a visit I made to Camp Leatherneck in 2013. During my visit, a senior military officer pointed out a building to me and suggested I should take a look. The building was massive, a 64,000 square foot command and control center for the Marines to manage the military surge from in southern Afghanistan.

I must admit, it was the best built building I’ve seen during all my travels to Afghanistan. Unfortunately, by the time the 64,000 square foot, \$36 million building was completed, the Marines were leaving and the building was never occupied. The request for the building had been put in at the height of the military surge in 2010. The Marine commander in charge of the base at the time requested that the facility not be built because it was not needed. Two other Marine generals subsequently made requests to cancel the building’s construction. However, the Army Major General in charge of the contracting decision – who was not in Afghanistan – decided it would not be “prudent” to cancel a project for which funds had already been provided by Congress.

Even though it must have been known that the building stood a good chance of never being used, the thought of returning funds to Congress was so abhorrent to the contracting command, it was built anyway, over the objections of at least three Marine generals. The facility was never occupied, and Camp Leatherneck was turned over to the Afghans who largely abandoned it. Just a few months ago, while in Kabul, I was told the building remains empty and unused – a lasting monument to a system that rewards outputs not outcomes.

In this particular example, SIGAR followed the paper trail, conducted interviews, and publicly identified the contracting officials who moved ahead with the building’s construction over the objections of the commanders on the ground, but as I’ve unfortunately found too often, holding senior officials, especially general officers, accountable for wasting tax dollars is nearly impossible.

Corruption

Lastly, let's turn to a topic near and dear to me since my days 40 years ago as a federal prosecutor on the Organized Crime and Racketeering Strike Force – corruption. Corruption has severely hampered the reconstruction effort in Afghanistan, and will be present in every other fragile state you will be working in. Several years ago, John Allen, the former commander of U.S. forces in Afghanistan, testified before Congress that the existential threat to Afghanistan was not the Taliban, but was, in fact, corruption.

The injection of billions of dollars into the Afghan economy by international donors led by the United States, combined with the limited ability of the Afghan government to responsibly expend funds, poor donor oversight and contracting practices, and institutional incentives to spend money, quickly increased corruption.

We simply spent too much, too fast, in too small an economy, with too little oversight. Most development economists agree that the generally accepted amount of foreign aid a country's economy can absorb is 15 to 45 percent of the country's gross domestic product, or GDP. Afghanistan, with a relatively small economy, would be able to safely absorb a number towards the bottom of that range. Anything more than that spills over into the black market economy like water running off the sides of a saturated sponge.

By 2004, aid to Afghanistan from the United States alone consistently exceeded the 45 percent threshold and totaled more than 100 percent of Afghanistan's GDP in both 2007 and 2010. This distorted the Afghan economy and fueled corruption – and this amount does not even include assistance provided by our coalition partners and international institutions like the World Bank.

As former U.S. Secretary of Defense Robert Gates said, "For all our handwringing and hectoring on corruption we seemed oblivious to how much we were contributing to it and on a scale that dwarfed the drug trade. Tens of billions of dollars were flooding into Afghanistan from the U.S. and our partners and we turned a blind eye or simply were ignorant of how regularly some portion was going to payoffs, bribes, and bank accounts in Dubai."

To a warfighter on the ground, corruption may seem an academic problem, but corruption, particularly when it is viewed as a problem exacerbated by coalition forces,

creates a negative perception among the Afghan people of our presence there and impairs our ability to win their proverbial “hearts and minds.”

Corruption has also negatively affected the battlefield performance of the Afghan security forces. As an example, for many years, the U.S. simply reimbursed the Afghans for the numbers of soldiers and police they told DOD they had on their rolls. But in 2011, a SIGAR audit of Afghan National Police personnel systems found that there was no way to conclusively determine an accurate total of police personnel. Various sources spat out different data, with a discrepancy of as many as 13,000 personnel out of somewhere between 112,000 and 125,000. Would you want to go into battle knowing that the division next to yours may be significantly short of personnel and senior commanders didn’t realize it?

Four years later, another SIGAR audit found similar problems with the Afghan National Army. On an unannounced visit to the headquarters of two Afghan National Army Corps and an Afghan Air Force wing, my staff found that of the 134 Afghan military personnel we requested identification from, 31 of them, or 23 percent, could not be verified against the personnel data kept by the Afghan government – data that was the basis for U.S. salary payments. The system created incentives for Afghan unit commanders to maintain dead or AWOL soldiers on the rolls so they could pocket their salaries for themselves.

This obviously had negative effects on the battlefield. After the U.S. military turned over primary security to the Afghan military in 2015, they suffered surprising, if temporary, defeats in Kunduz City and in Helmand Province, where an entire corps essentially disintegrated. These results perhaps may not have been so surprising if U.S. and Afghan commanders had a better idea of the actual number of soldiers and police on the ground in each location, rather than numbers from fictitious personnel rosters.

In response to SIGAR’s reports and the Afghan’s battlefield performance, the U.S. military is now requiring every member of the Afghan National Army and Police to biometrically enroll in a central database before the U.S. will reimburse the Afghan government for their salary. It is an improvement, but it unfortunately does not do anything to protect the U.S. taxpayer against ghost teachers, doctors, and a whole host of other civilian positions that we fund through a World Bank-administered trust fund that suffers from a lack of oversight. And, as I was told on my most recent trip to Kabul, our military still has significant concerns about the accuracy of the personnel data

provided to them by the Afghan security forces.

Conclusion

Winston Churchill once said, “Let us learn our lessons. Never, never, never believe any war will be smooth and easy, or that anyone who embarks on the strange voyage can measure the tide and hurricanes [they] will encounter.”

Eighteen years into a reconstruction effort that many of you may be too young to remember the start of, we have learned that reconstruction is a difficult undertaking. Failing to measure outcomes impairs our ability to measure impact. Lack of coordination and accountability threatens project success and often ends up wasting taxpayer funds, and in the process erodes public support. And corruption imperils the entire effort and creates both American and Afghan skeptics. We can learn a great deal from Afghanistan, but what we do with these lessons is up to us, and especially you, as you assume your role as the next generation of national security leaders.

Thank you for your attention and dedication to serving our country.