



SIGAR

Hearing

Before the Committee on Foreign Affairs

U.S. House of Representatives

Testimony of John F. Sopko

Special Inspector General for
Afghanistan Reconstruction

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Chairman McCaul, Ranking Member Meeks, and Members of the Committee,

Thank you for the opportunity to testify before you today. This is the 28th time I have presented testimony to Congress since I was appointed as Special Inspector General 11 years ago, and the 4th time before this committee. At the outset, let me express my deep gratitude for the strong, bipartisan support SIGAR has consistently received from you and this committee. I look forward to continuing to earn that support in the future.

Today I've been asked to discuss oversight of ongoing assistance to Afghanistan, and to share preliminary observations on a matter you requested we examine in March of this year—namely, whether and how U.S. funds have been provided to or diverted by the Taliban since the collapse of the Afghan government in August 2021. To do so, I will offer an update on the humanitarian crisis unfolding in Afghanistan, review what the United States is doing in response, and detail how that response may be directly or indirectly benefitting the Taliban.

In short, as detailed starting on page 8, our work suggests that the Taliban is diverting or otherwise benefitting from a considerable amount of U.S. assistance. To date, SIGAR has interviewed 39 people with direct aid experience on the ground in Afghanistan since the collapse—including UN officials and Afghan and international partners. Of these, almost all recounted first-hand experiences with Taliban diversion or interference in U.S. assistance. Moreover, a SIGAR survey of Afghan NGOs in seven provinces revealed a range of interference in U.S. assistance since the collapse—including extortion. In a separate SIGAR questionnaire of Afghan NGOs, 37 of 58 respondents reported having paid a total of \$10.1 million in taxes, fees, duties, or payments for public utilities using U.S. taxpayer funds between August 2021 and May 2023. Official reports from State and USAID as well as a USAID-funded study by the U.S. Institute of Peace have confirmed many similar accounts of diversion and interference, as documented in our quarterly reports over the last two years.

Taken together, SIGAR has found that Taliban officials routinely pressure U.S. partners to hire Taliban allies, insist that U.S. partners contract with Taliban-affiliated companies, dictate which Afghans should receive U.S. aid, demand payoffs from U.S. partners before a project can begin, divert U.S. food aid to Taliban soldiers, and tax recipients of aid once it is delivered. This interference in and diversion of U.S. assistance is worrying and presents multiple risks. It should also be put in context.

Interference and diversion of U.S. assistance is not unique to the Taliban regime. Over the last 12 years, SIGAR documented extensive diversion of U.S. assistance by the prior Karzai and Ghani regimes. Similarly, experts have noted that diversion and interference are common among other autocratic regimes the U.S. government has sought to bypass to get aid directly to vulnerable populations. Nevertheless, the diversion of humanitarian assistance by the Taliban is of particular concern given the humanitarian crisis the populace face as well as the Taliban's terrorist ties. Unlike with the prior Afghan governments, diverted funds now may fund terrorist activities in addition to enriching the pockets of corrupt officials.

While SIGAR's ongoing research is focused on the extent of the Taliban regime's diversion and interference, understanding context—such as comparing the types and levels of diversion

under various regimes—can help in identifying key lessons, best practices, and recommendations for policymakers. SIGAR is also conducting research that looks at this context.

This work has been challenging at times, as it requires significant cooperation from U.S. government agencies. This cooperation was usually forthcoming during SIGAR’s first 13 years in operation. However, since the Afghan government’s collapse, my staff have faced significant challenges in obtaining documents and interviewing U.S. officials, particularly at the State Department.

Even after Congress directed State to resume full cooperation with SIGAR, State has declined to do so. Despite multiple meetings between senior State and SIGAR officials over the last several months to discuss cooperation, State continues to slow our work through what I believe are unreasonable delays, and refusals to provide information. For example, State has continually delayed providing relevant information related to its actions to vet implementing partners, its ongoing programs to prevent and respond to gender-based violence in Afghanistan, and its oversight of programs it funds through public international organizations. Unfortunately, State has delayed our requests for information for several months in some cases, and in others for over a year.

On the other hand, I am happy to report that USAID has resumed cooperation with SIGAR and is generally responding to requests for information in a timely manner. My team and I greatly appreciate Congress’ support in ensuring the resumption of this cooperation and USAID’s acknowledgment that SIGAR continues to play an important role in overseeing U.S. assistance to Afghanistan.

What SIGAR Is Doing

Reports Requested by the Chairman

In March of this year, the Chairman of this committee directed SIGAR to report on (1) whether and how U.S. funds have been provided to or diverted by the Taliban since the collapse of the Afghan government in August 2021, (2) the risks involved in channeling most U.S. funds for humanitarian assistance in Afghanistan through public international organizations since the collapse, and (3) whether adequate safeguards are in place to protect the \$3.5 billion of Afghan central bank assets transferred to the Afghan Fund after the Taliban takeover. Multiple reports on these topics are underway and are expected to be published in the coming year. These include:

- A report on State and USAID oversight of the public international organizations that receive and disburse most U.S. funds going to Afghanistan;

- A report on the extent to which U.S. funds have been captured by the Taliban through the payment of taxes, fees, import duties, or through the purchase of permits, licenses, or public utility services;
- A performance evaluation on the purchase, transport, transfer, conversion, and use of U.S. currency for activities in Afghanistan;
- A report on the Afghan Fund detailed below; and
- A report on Taliban diversion of assistance, also detailed below.

Meanwhile, SIGAR has recently published several reports addressing the topic of Taliban diversion and interference, including:

- *Status of Education in Afghanistan: Taliban Policies Have Resulted in Restricted Access to Education and a Decline in Quality* (October 2023)
- *Emergency Food Assistance to Afghanistan: USAID Has Improved Oversight, But Could Better Align Monitoring with Increasing Aid Levels* (August 2023)
- The Recent Developments section in SIGAR quarterly reports to Congress.

Report on the Afghan Fund

In addition to U.S. funds appropriated for Afghanistan reconstruction since the withdrawal, \$3.5 billion of a total of \$7 billion in Afghan central bank assets held in the United States have been transferred to a trust for the benefit of the Afghan people. Announced on September 14, 2022, the Afghan Fund is a Swiss charitable foundation that aims to protect, preserve, and disburse these assets. U.S. government officials said the United States' short-term goal in setting up the Fund is to "promote monetary and macroeconomic stability." The long-term goal is to recapitalize Afghanistan's central bank. According to State, the Fund is "explicitly not intended" to finance humanitarian assistance.

While our work is ongoing, we can provide some preliminary observations. First, even after a year, the Fund's board of trustees—which consists of a U.S. Treasury official, a Swiss government official, and two Afghans with backgrounds in economics—is still establishing its operational procedures and has not yet approved any disbursements. Some general safeguards exist that could prevent funds from flowing to the Taliban. For example, the Fund's governing provisions—its articles of association—specify that board decisions must be unanimous, a policy that effectively grants any member veto power to prevent monies from being used for illicit activity. Additionally, an external auditor will conduct an annual audit of the Fund's accounts. However, the articles of association contain no specific controls to ensure funds are not provided to the Taliban.

We also identified several other areas of particular concern, including questions about the Fund's future plans and how the Fund's trustees were chosen and vetted. For example, we discovered unfavorable past employment information about one of the trustees which had led to his termination of employment, of which State was unaware, raising questions about the rigor of the process through which this individual became a co-manager of a \$3.5 billion fund.

We also have questions about how the Fund’s board of trustees will handle conflicts of interest. For example, one of the Fund’s trustees is also a member of the Afghan central bank’s governing body, the Supreme Council. It is not clear whether the Supreme Council is free of Taliban control and influence or whether this constitutes a conflict of interest in the form of competing fiduciary responsibilities; it is also unclear who determines whether a conflict of interest exists or how it is defined. The draft report has been submitted to State, Treasury, and USAID for comment and will be published in the coming months.

Lessons Learned on Taliban Diversion and Interference

SIGAR is working on a report about the challenges faced by donors, the UN, and NGOs in getting aid to vulnerable people living under regimes that the United States and other donors do not recognize, otherwise known as politically estranged countries. While the report will focus on challenges in Taliban-controlled Afghanistan, in order to develop best practices, it will also examine similar efforts in other countries, including South Sudan, Sudan, Syria, and Yemen. The report will document how the United States and other donor countries, as well as multilateral organizations such as the UN and World Bank, respond to undemocratic regime changes in countries that receive significant aid. It will also examine the ways in which politically estranged regimes interfere in aid delivery and divert it to enrich themselves, as well as the reasons that this interference and diversion is so difficult to detect. Finally, it will make recommendations about how donors, the UN, and NGOs can better understand and mitigate interference and diversion to make aid delivery more effective.

Additional Oversight Activities

Audits

Over the last two years since the collapse of the Afghan government, SIGAR has issued 17 performance audits, 11 inspections and evaluations, and 52 financial audits. That work examined over a billion dollars in funds appropriated to benefit the Afghan people, found \$30,177,172 in questioned costs, and made 149 recommendations to recover funds and improve program implementation and oversight. That work also found that the Taliban benefitted from aid and identified issues related to aid diversion and Taliban intimidation.

Our ongoing audits review \$550 million in disbursed funds and examine areas including State and USAID oversight of public international organizations; State and USAID vetting of implementing partners; State implementing partner agreements with the Taliban; and current programs to support health and sanitation, economic development, and the prevention of gender-based violence.

Complementing these efforts, SIGAR has partnered with third-party monitors to help serve as our eyes and ears on the ground. These third-party monitors provide critical insights into the work of government bodies and public international organizations, as well as the development and humanitarian efforts of NGOs. On our behalf, these partners interviewed aid beneficiaries and program implementers, and visited aid delivery sites. Similarly, SIGAR has reached out to a

broad array of Afghan diaspora communities, from Washington to London to Houston, to glean insights and expand our interview network in Afghanistan.

Investigations

SIGAR continues to pursue investigations and criminal inquiries into theft and corruption relating to Afghanistan reconstruction and U.S. government-sponsored programs. Notably, our investigations work has been looking at the flight of assets and capital by Afghans, including senior government officials and the politically connected, in the form of hundreds of thousands of individual wire transfer records for the 18 months prior to the collapse of the Afghan government.

It is also actively working jointly with other U.S. agencies on six investigations related to Special Immigrant Visa fraud, primarily regarding falsified letters of recommendation for non-qualified Afghans in exchange for payment. This work has resulted in the criminal prosecutions of Orlando Clark, who was sentenced to 46 months' imprisonment and Mike Baum, whose sentencing is pending in U.S. District Court, District of New Hampshire, on February 4, 2024, for one count of Visa Fraud. On January 23, 2024, the trial of Jeromy Pittmann (Commander, U.S. Navy Reserves) is scheduled to begin in U.S. District Court, District of New Hampshire. Pittmann was indicted on November 28, 2022, on one count each of conspiracy to commit bribery and false writing; bribery; false writing; concealment, money laundering conspiracy; and aiding and abetting.

SIGAR maintains a robust liaison initiative with various UN agencies that provide humanitarian aid to Afghanistan. These UN agencies and SIGAR investigators share credible law enforcement information about fraudulent contracting activities and corrupt individuals and companies involved in aid delivery. As a result of these efforts, SIGAR has claimed \$13,120,000 in savings by preventing corrupt entities from being awarded UN contracts.

Latest Developments in Afghanistan

Humanitarian Crisis

The UN estimates 70 percent of the Afghan population, some 29 million people, depend on donor-led humanitarian assistance. Despite the immense need, the UN's Humanitarian Response Plan has raised only 34 percent of its funding goal for 2023, as of October 30. Although the United States remains the largest donor to the plan, having donated over \$400 million this year, UN programs have had to decrease aid. The World Food Programme, for example, was forced to stop supplying monthly food assistance to 10 million people this year. The situation will only worsen this winter as weather isolates rural areas from aid services.

Human Rights

Human rights abuses are rampant under the Taliban, and their repression of women is extensive. Since gaining power, Taliban officials have:

- Restricted education for girls past sixth grade, and even third grade in ten provinces;
- Forbidden women from traveling more than 72 kilometers without a male guardian;
- Told women to “observe hijab” preferably by not leaving the home, otherwise a full coverage dress code is enforced;
- Prohibited women from using gyms and entering parks in Kabul;
- Suspended women from working with the UN and international NGOs; and
- Restricted the types of employment women can have.

The UN Special Rapporteur on human rights in Afghanistan said in a June 2023 report that this systematic discrimination constitutes “gender apartheid.” In September, UN Under-Secretary-General Sima Sami Bahous called on the Security Council to codify gender apartheid as a crime in international law. This is not the first time “gender apartheid” has been used to describe the Taliban. In 2001, then-Democratic Senate Whip Harry Reid describe the Taliban’s first regime to the Senate:

“Gender apartheid is not unlike racial apartheid in South Africa where the black majority suffered appalling human rights violations... It is difficult to imagine a system worse than apartheid in South Africa. Sadly, this is the case for Afghan women suffering unthinkable violations of their most basic human rights.”

These dynamics continue under the Taliban’s second regime. The abuses against women are part of a broad disregard for international norms of governance. The Taliban regime has replaced the rule of law with its interpretation of Sharia law, which includes such punishments as stoning and public hanging. For crimes that fall outside the scope of the Quran, there is no formal guidance, and judgement is left up to the individual district judge. This results in an unpredictable and volatile system devoid of due process.

The penal system is equally volatile. In January 2022, Taliban leader Haibatullah issued a decree prohibiting the torture of detainees, but the United Nations Assistance Mission in Afghanistan (UNAMA) has accused the Taliban police, directorate of intelligence, and prison authorities of committing 1,600 human rights violations between January 2022 and July 2023, including inflicting physical and mental suffering, using extended restraint and solitary confinement, and putting people to death.

The Taliban regime has also disregarded its earlier promises of amnesty for former government officials and members of the Afghan National Defense and Security Force (ANDSF). UNAMA documented at least 218 extrajudicial killings, 144 instances of torture, 14 instances of enforced disappearance, and 424 arbitrary arrests and detentions of former government officials and ANDSF members. Those detained reported not being told the charges against them, not being given access to legal counsel, and being subjected to torture. In some cases, the accused were killed while in detention.

Pakistan Deports Afghans

Another crisis is looming for Afghans who fled the Taliban, including many who supported the United States in our 20-year war. SIGAR warned in its 2023 High-Risk List that a failing U.S. resettlement program put Afghans at heightened risk either for Taliban retribution in Afghanistan or insecurity and economic hardship in a third country. After the Taliban takeover, an estimated 600,000 Afghans fled to Pakistan, where they have been living for two years, many without refugee status or protections, although temporarily safe from the persecution of the Taliban. Another 1.7 million Afghans were already in Pakistan, having fled earlier. Some of the Afghans in Pakistan are eligible for Special Immigrant Visas or referral through the U.S. Refugee Admissions Program, but processing can take years.

Pakistan has no formal refugee policy; the only related legislation allows Pakistan to arrest, detain, and deport any non-citizen of Pakistan. On November 1, Pakistan began the first phase of a new plan in which unregistered migrants are arrested and deported to Afghanistan. The new policy likely reflects tension over border security. On September 29, 2023, a bomb blast in Baluchistan Province in Pakistan killed 50 people near a mosque. Pakistan's authorities have blamed Afghan terrorist operatives for many attacks along the border this year. Pakistan's new deportation plan applies to all unregistered migrants, including those seeking asylum.

The UN Refugee Agency said that Afghans deported back to Afghanistan will be "at grave risk of human rights violations," and that the influx of returnees will further overwhelm the humanitarian system. They have urged Pakistan to reconsider the policy.

Meanwhile, State's Bureau of Population, Refugees, and Migration recently asked U.S. agencies to choose 10 percent of their most vulnerable U.S. Refugee Admissions Program referrals in Pakistan for priority processing. We do not know what, if anything, has been done for this fortunate 10 percent or the other 90 percent of Afghans not included. However, we believe many of the Afghans SIGAR referred are currently at risk of deportation and being handed over to Taliban officials, who have issued arrest warrants for them, ransacked their homes, and threatened their lives.

What the United States Is Doing in Afghanistan

Two years after the withdrawal of U.S. forces from Afghanistan, the United States remains the largest donor to the Afghan people. Since that time, the United States has appropriated or otherwise made available \$11.11 billion in assistance to Afghanistan and to Afghan refugees. This includes more than \$2.52 billion in U.S. appropriations for Afghanistan assistance, largely for humanitarian and development aid, and \$3.5 billion transferred to the Afghan Fund. In addition, the United States has obligated more than \$5.08 billion in fiscal years 2022 and 2023 for the Department of Defense to transport, house, and feed Afghan evacuees.

As shown below, more than \$1.73 billion of the nearly \$2.52 billion appropriated for assistance to Afghanistan since the end of FY 2021 has gone toward humanitarian assistance, representing

69 percent of the total. Another \$404 million, or 16 percent of the total, went toward development assistance focused on economic growth, education, and public health.

**U.S. APPROPRIATIONS FOR AFGHANISTAN ASSISTANCE
OCTOBER 1, 2021, TO SEPTEMBER 30, 2023 (\$ MILLIONS)**

Funding Category	FY 2022	FY 2023	Total
Humanitarian	\$1,077.40	\$655.97	\$1,733.37
Development	217.69	185.85	403.54
Agency Operations	229.19	56.80	285.99
Security	100.00	0.00	100.00
Total	\$1,624.28	\$898.61	\$2,522.89

Source: SIGAR Quarterly Report to the United States Congress, 10/30/2023, Appendix A.

Since 2021, State and USAID have used these funds to restart and begin new programs to address critical needs of the Afghan people in several key sectors—health, education, agriculture, food security, and livelihoods. Other programs support civil society and media, focusing on women and girls and broad human rights protections. These efforts are being implemented through NGOs, international organizations such as UNICEF and the World Food Programme (WFP), and other implementing partners. For example, USAID and State have obligated nearly \$826 million in humanitarian assistance in FY 2023. More than half of these funds, or \$422 million, will be disbursed to the WFP to provide emergency food assistance to millions of Afghans. Other funds are going to protect Afghan refugees, returnees, and other vulnerable persons, implement life-saving health activities, provide emergency shelter for displaced and other vulnerable people, and offer courses to build literacy, skills training, and business knowledge.

In addition, USAID reported that it obligated more than \$597 million to the Economic Support Fund and Global Health Programs account in FY 2022 and FY 2023, supporting 36 active programs. About a third of these funds, or \$194 million, support economic growth and public health programs. In FY 2023, USAID obligated \$49.2 million for three new education programs, for a total FY 2022 and FY 2023 obligated amount of \$97.71 million across six education programs. Other funds went to support civil society and media programs, provide agriculture and value chain assistance, monitor ongoing assistance to Afghanistan, and contribute to the World Bank’s Afghanistan Resilience Trust Fund.

The United States has not yet developed a new integrated country strategy for Afghanistan to account for conditions in the country since the Taliban takeover. But according to State, current U.S. priorities in Afghanistan include:

- The welfare and safety of U.S. citizens there;

- Ensuring the Taliban uphold its counterterrorism commitments, including those in the February 29, 2020, Doha Agreement;
- Ensuring the Taliban abides by commitments to permit the departure from Afghanistan of U.S. citizens and permanent residents, Special Immigrant Visa holders, and Afghans of special interest to the United States;
- Addressing the humanitarian and economic crises in Afghanistan;
- Supporting the formation of an inclusive government; and
- Encouraging the Taliban to respect human rights in Afghanistan, including those of religious and ethnic minorities, women and girls, civil society leaders, [President Ashraf] Ghani administration-affiliated individuals, and individuals who were formerly affiliated with the U.S. government, U.S. military, U.S. nongovernmental organizations, and media institutions.

Oversight Challenges

As SIGAR reported in our 2023 High-Risk List, since the withdrawal of U.S. troops and the closure of the U.S. embassy in Kabul in August 2021, the need for proper oversight has only grown: billions in U.S. assistance continues to flow to Afghanistan to address its ongoing humanitarian and economic emergencies. With the removal of U.S. personnel, U.S. agencies lost the ability to directly observe U.S. assistance programs, raising significant oversight challenges and greatly increasing the risk that aid to Afghanistan will be diverted before it reaches its intended recipients.

State and USAID have developed alternatives to U.S. government personnel directly observing the distribution of assistance—most notably by relying on third-party and multitiered monitoring—but SIGAR has found that these approaches have not worked as intended in Afghanistan. For example, the closure of the U.S. embassy in Kabul, the collapse of the Afghan government, and Taliban restrictions on civil society organizations and the media have reduced the availability of data needed by USAID’s multitiered monitoring partners, hampering their oversight capabilities. Although agency overreliance on implementing partners self-reporting has been a challenge for over a decade of SIGAR’s oversight, it has only worsened since August 2021.

Taliban Diversion and Interference

As SIGAR examines how and under what conditions the Taliban diverts or interferes in U.S. assistance in Afghanistan, several important considerations have become apparent. First, it is very difficult to quantify the amount of U.S. funds being diverted to the Taliban. After all, a thief does not publicize how much money he is stealing outright, and the Taliban does not even publicize how much it is “taxing” the organizations involved in disbursing donor assistance. As detailed below, SIGAR has attempted to quantify this ourselves.

Second, even in instances where SIGAR can document attempted or successful diversion and interference, it is often difficult to determine if these interventions are sanctioned by Taliban leaders in Kabul or are simply local officials engaging in corruption for personal gain. Blame is further diffused by the fact that much of this interference is committed by working-level officials who have retained their positions from the previous regime.

Third, there is a category of diversion that can only really be considered diversion because donors do not recognize the Taliban as the legitimate authority. For example, the Taliban routinely requires U.S. and other donor implementing partners to pay taxes, fees, and duties. Some of these costs are standard expenses for donors providing aid to developing countries, but the legal obligations of implementing partners in Afghanistan are unclear. Some implementing partners pay, and some do not. Thus, while these expenses may be politically controversial, they may not constitute diversion in a strict legal sense. Indeed, the prior Ghani and Karzai regimes collected such fees and since the collapse of the Afghan government, the U.S. government has permitted these payments in many cases.

Still, SIGAR is attempting to calculate these costs. For example, we sent a questionnaire to 144 implementing partners working on assistance projects funded by State, USAID, and the U.S. Agency for Global Media asking about their experiences with Taliban-imposed taxation and other types of pressure. Our preliminary analysis suggests that 64 percent of the respondents reported having paid a total of \$10.1 million in U.S. taxpayer funds as taxes, fees, duties, or for public utilities between August 2021 and May 2023. SIGAR is no exception: funds we provided to our partners in Afghanistan have been subject to taxation by the Taliban regime. Official reports from State and USAID have confirmed many similar accounts of diversion and interference, documented in our quarterly reports over the last two years.

In determining future assistance, the U.S. government will need to consider the following three main risks:

- The financial risk of wasting a sizeable portion of U.S. humanitarian and development assistance, already amounting to \$2.5 billion since the government's collapse;
- The security risk of U.S. funds reaching a government with longstanding ties to terrorist groups; and
- The political risk of funding a historic enemy of the United States.

What Diversion and Interference Look Like

Diversion and interference are worse in some parts of the country than in others. They are also worse in certain aid sectors that are more vulnerable, including food aid, due to the of the inherent fungibility of the commodities involved.

Our preliminary analysis suggests the Taliban pull from a menu of techniques to interfere in and divert aid. For example:

The Taliban uses the pretext of regulating aid to divert funds. According to the UN's Office for the Coordination of Humanitarian Affairs, the Taliban issued 108 directives seeking to control

how aid was delivered in 2022—roughly two per week. Other interference has been codified into Afghan law for many years. The Taliban finalized an NGO Code of Conduct meant to govern the activities and legal obligations of NGOs, with significant implications for those providing foreign assistance. This Code of Conduct requires each NGO to register with the Ministry of Economy and sign memoranda of understanding with them before any aid project can proceed. The Taliban then use this requirement as a pretext to coerce NGOs to comply with other demands, including those outlined below.

The Taliban uses aid as patronage. Taliban officials interfere to direct aid toward their preferred populations, overruling NGO assessments of where the need is the greatest. Under the previous Afghan government, aid was concentrated in government-controlled areas, meaning that it disproportionately served cities. Now the reverse is happening. Areas that were Taliban-controlled under the previous government, or populated by Taliban supporters, were once difficult to reach but are now accessible. The Taliban regime is pressuring NGOs to concentrate aid disproportionately in these places. In the short term this may be helpful, since it directs aid to populations underserved under the previous government. But if it continues for years, it will create resentment and sow the seeds for continued conflict. In the words of an NGO official: “If you want to have peace, the people that you are diverting from will eventually join to resist you.”

The Taliban demands payoffs to permit the implementation of aid projects. As noted earlier, NGOs are required to register with the national ministry of economy; they then must register with the provincial and district levels of the areas where they are working, as well as with the relevant government official for each sector, such as the ministry of health. Each point presents the potential for interference and diversion. Before granting permission for an NGO to start a project, Taliban officials sometimes demand to see the budget, so that they can assess how large the “tax” should be. One NGO told SIGAR that they create fake documents to share with the Taliban to avoid or reduce the “taxes” they owe. Another said they hide their projects from the Taliban, so they don’t have to pay them 10 percent of their budget. One NGO official described demands for payoffs as being “like going down a staircase, and every single step, there’s a tax.”

The Taliban is dictating who gets on beneficiary lists. A former UN official described to SIGAR the tension between humanitarians and regimes over beneficiary selection:

Because starvation is a weapon of war, food aid is part of the war economy. It also has significant political benefits to the parties to the conflict who control who receives it. Famine is the physical manifestation of social and political exclusion. The way that the international community prioritizes who should receive food aid is the inversion of the way that the authorities prioritize it in the middle of a war.

Humanitarians prioritize children, then female-headed households, then poor families, then the middle class, then traditional authorities and local officials, and finally the military. But parties to the conflict prioritize their militaries and authorities first.

Eight aid workers told SIGAR that Taliban officials demand to pick a certain portion of beneficiaries for each aid program. Some aid workers had ambivalent feelings about this interference. One implementing partner staffer told SIGAR: “When the Taliban tell us to give aid to people...they usually need it, because 90 percent of the country is suffering.” Others pointed out that the previous government also interfered in beneficiary selection.

The Taliban is taxing beneficiaries on the aid they receive. An NGO official told SIGAR that under the guise of income taxation, the Taliban is extorting money from Afghan teachers and students who receive international donor cash assistance. As with most of these forms of interference and diversion, it is not clear who benefits: the individual doing the extorting, the Taliban ministry of finance, or some combination of the two.

The Taliban is pressuring the UN and NGOs to hire their Taliban members, their relatives, and allies to help provide U.S. assistance. In response to our tax questionnaire, eight implementing partners told SIGAR that Taliban officials had instructed them who to hire. In November 2022, the Provincial Public Health Director of Kandahar issued a letter to all NGOs operating in the province, instructing them that no agencies could recruit staff without first advertising the positions through the Public Health Directorate. Likewise, an NGO official working in Helmand told SIGAR that the local Taliban officials dictate hiring “openly and with no fear at all.” Another NGO official said her organization had received multiple letters from the Taliban ordering them to give Taliban soldiers priority in hiring. This is another continuation of practices from the previous regime, and Hazaras report having been systematically excluded from aid sector jobs under both governments. This hiring pressure appears to take two different forms: it is either a sinecure patronage job for staff who never show up, or a means of embedding staff within an NGO to direct and monitor an organization’s work. At times, embedded staff prove to be critical liaison officers who help an NGO handle negotiations with the regime. According to one NGO official, almost every NGO has a liaison or a team of them. A monitoring and evaluation expert working in Afghanistan says he has seen these staff at UNICEF called “extension officers.”

- **The Taliban is pressuring the UN and NGOs to issue contracts to Taliban-affiliated companies.** For example, five NGO officials have told SIGAR that the Taliban forces them to rent cars and houses from them and to award contracts to Taliban-affiliated companies. Several people also cited allegations in the Afghan press that the Taliban is trying to prevent the aid community from importing medicine and, instead, force them to purchase it from certain Taliban-affiliated companies. A UNICEF official told SIGAR that companies get contracts to support aid programs because of their relationships with Taliban provincial or

district governors, upon whose permission the implementation of the program, in the first place, is dependent. He cited examples of contracts for textbook procurement and logistics services being directed to Taliban-affiliated companies by provincial or district governors.

- **The Taliban is pressuring the UN and NGOs to partner with Taliban-affiliated Afghan NGOs, and not to partner with others.** A recent report by the U.S. Institute of Peace noted that the Taliban has “encouraged [the] establishment of friendly or even directly sponsored. . . NGOs.” The same report stated that a humanitarian coordination platform reported that more than a hundred new NGOs had registered in just one quarter of 2022 alone. Several NGO officials interviewed by SIGAR confirmed these allegations. An NGO official said there is a running joke that there are now three categories of NGOs: “international NGOs, national NGOs, and Taliban NGOs.” Another NGO official said that such complaints should be taken with a grain of salt, because there were “pro-government NGOs” during the previous regime as well. The Taliban also prevents UN agencies from partnering with NGOs that they find unacceptable. Four NGOs working in 10 provinces on UNICEF’s Health Emergency Response program were dropped by the UN after they were de-registered by the Taliban. One NGO told SIGAR that all four were run by ethnic Tajiks, traditional enemies of the predominantly Pashtun Taliban.

While some forms of interference and diversion could benefit an individual, the regime, or both, other forms are more clearly centrally organized to benefit the regime:

- **The Taliban has embedded intelligence officials in UN agencies to supervise their work, facilitate interference and diversion, and censor reporting about it.** The U.S. Institute of Peace has described the UN as having been “effectively infiltrated” by the Taliban, who they say influence most UN programming. The same report says that Taliban intelligence officials regularly monitor and question NGOs. According to an independent monitor hired by the World Food Programme to help it supervise aid distribution, he was constantly followed by Taliban intelligence agents. He told SIGAR “WFP’s third-party monitors are not reporting many of the things I have told you in their reports, because their lives would be in danger.”
- **The Taliban may be seizing a percentage of aid as a tax to fund infrastructure.** An NGO official told SIGAR that the provincial governor of Ghor was taxing aid in the province to fund improvements to the road to Herat in a bid to improve perceptions of the government’s legitimacy. However, another NGO official in the province argued that this is just a cover story, and that Taliban officials are pocketing this money.
- **Some UN agencies pay the Taliban for providing security for their offices and armed escorts for their convoys around the country.** Three NGO officials, two UN officials, an implementing partner, and a logistics official all told SIGAR about this practice, and ACAPS, a nonprofit that specializes in humanitarian aid analysis, has also documented it. It is a continuation of the security that was provided by the Afghan Public Protection Force under

the previous government. Nonetheless, it has been controversial among UN agencies and the broader aid community in Afghanistan. While Afghanistan expert Ashley Jackson believes that these payments are unavoidable, she also warns that providing armed escorts to UN convoys sometimes enables the Taliban to engage in protection racketeering and to coerce UN officials to conduct assessments in their preferred areas, potentially facilitating diversion to their preferred populations because the UN lacks physical access to alternatives.

- **The Taliban diverts aid to their soldiers.** An Afghan civil society activist and a former NGO worker told SIGAR this is happening in multiple provinces. It has also been covered in the press and in a report by ACAPS. The former NGO official told SIGAR he knows food aid is being diverted to the military because it used to be his job to deliver the aid to Taliban soldiers. He did so under the supervision of Taliban intelligence officers and the threat of death.

There are incentives for every part of the aid delivery system to cover up diversion and interference. Communities fear that if they report aid diversion, the Taliban will retaliate, or they will be punished by having aid withdrawn. Taliban officials fear the same thing and threaten NGO workers and third-party monitors to keep quiet. An Afghan civil society activist told SIGAR that it would be unsafe to report Taliban diversion of UN aid to UN agencies, because “they may immediately report it to the Taliban intelligence unit.” Afghans on the front lines of aid delivery are often operating under Taliban supervision and risk detention, torture, or death if they defy them. The UN reported that 26 aid workers were arrested just in the first eight months of 2023.

Conclusion

SIGAR’s work to date shows there are no good choices for policy makers when providing humanitarian assistance in an environment like Afghanistan—only trade-offs. Policymakers and donors need to be comfortable with the idea that accomplishing one objective will likely come at the expense of another. Many people in the United States and other donor countries believe that they are sending aid to the Afghan people while bypassing the Taliban. This can be viewed as a useful fiction, as it reassures donors and the American taxpayers, alike, but ignores the fact as SIGAR has discovered, that it is impossible to entirely bypass the Taliban regime.

To a large degree, our research confirms that those who control the guns control the aid. It would appear that the only way to ensure that no aid money reaches the Taliban would be to eliminate all aid to Afghanistan. Yet this would invite the kind of economic freefall and famine that the U.S. government and other donors have mostly avoided for the last two years through considerable humanitarian support. Ending assistance would also wipe out the few gains from the 20-year intervention that remain after the Taliban’s takeover, most importantly those in the public health and education sectors.

So long as the United States continues to provide assistance for the benefit of the people of Afghanistan, it is paramount to use whatever tools are available to U.S. officials to reduce Taliban diversion and interference, including strengthening compliance, vetting standards, and third-party monitoring. Indeed, in a typical aid environment with significant waste, it would be intuitive to respond by holding the United Nations or World Bank more accountable for how U.S. funds are used, and to insist that those organizations scrutinize their contractors and sub-contractors more diligently.

While there is always room for improvement in project oversight, diversion of the nature SIGAR is uncovering in Afghanistan may not be readily responsive to traditional technical solutions because diversion and interference are baked into any assistance in these environments. I would suggest that a better way forward likely rests with U.S. officials acknowledging the problems our agencies face now in a Taliban controlled Afghanistan and the subsequent limits of their influence and helping their international and Afghan assistance partners adapt to these dynamics. Equally important, Congress and the Administration need to look to lessons learned in prior U.S. and other development programs around the world.

As part of our ongoing work for this committee, we at SIGAR look forward to offering specific recommendations to U.S. agencies in our forthcoming audits and lessons learned report on this subject as we finalize our research and analysis.

Thank you for the opportunity to speak here today and I look forward to answering your questions.