Testimony
Before the Subcommittee on National Security Committee on Oversight and Reform
U.S. House of Representatives

Risks to Sustainable Peace in Afghanistan

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Chairman Lynch, Ranking Member Hice, Members of the Subcommittee:

Thank you for inviting me to testify. My remarks today concern the cautions set forth in the 2019 edition of the *High-Risk List* from my agency, the Special Inspector General for Afghanistan Reconstruction, or SIGAR.¹

This is my 23rd time presenting testimony before Congress since I was appointed the Special Inspector General in 2012. It may well be the most important hearing to date as we are examining a very important question: If there is to be sustainable peace in Afghanistan, are we prepared for the “day after?”

Some of you will recall the earlier versions of the *High-Risk List* that we issued in 2014 and 2017 for consideration by Congress and by the Secretaries of State and Defense. Like those reports, the 2019 edition called attention to areas of the U.S. reconstruction effort in Afghanistan that are at serious risk of waste, fraud, abuse, mismanagement, and even program failure. With negotiations underway that could lead to the end of America’s longest war, this report differs from our prior two by identifying risks to the reconstruction effort that might persist or arise in the event of a hoped-for peace agreement.

Congress has appropriated nearly $137 billion for Afghanistan reconstruction since fiscal year (FY) 2002, of which approximately $10 billion remains to be disbursed.² Given U.S. statements of policy over three administrations and the very limited financial capacity of Afghanistan’s government, it appears likely that billions more will follow in the years ahead.

The Afghan people and Afghanistan’s international partners would certainly welcome a peace agreement. But such an agreement could lead to unintended challenges for the reconstruction efforts made over the past 18 years by the United States, Coalition partners, and the Afghan government. These “day after” risks could threaten U.S. taxpayers’ investment in Afghanistan, set back humanitarian and development programs, undermine Afghan government support, or even lay the grounds for new or resumed discord. In short, they could frustrate the shared goal of a stable Afghanistan at peace with itself and its neighbors, and which respects the rule of law and human rights.

I will stress that SIGAR takes no position on whether a peace agreement is achievable, imminent, or practicable. Nor are we predicting or speculating in what context or scenarios a deal might emerge, or what provisions it would or should include. What we are doing is using our years of oversight work in Afghanistan to anticipate ways in which high risks to reconstruction success could continue past the date of a peace settlement.

An old maxim says failing to plan is planning to fail. Lawmakers, policymakers, and implementing agencies should be aware of risks that continue or arise in the days, weeks, months, and years after

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² SIGAR, Quarterly Report to the United States Congress, 1/30/2020, p. 43. [NOTE: This testimony was prepared while SIGAR’s January 2020 quarterly report to Congress was being laid out for printing. Once pagination is complete, SIGAR will promptly submit a corrected version with final page numbers for the Committee’s use.]
any peace agreement is reached. We hope the 2019 *High-Risk List* will help inform efforts to prepare for “the day after.”

This *High-Risk List* focuses on eight program areas and elements of the reconstruction effort that SIGAR has identified as: (1) essential to success; (2) at risk of significant and large-scale failure due to waste, fraud, or abuse; and (3) subject to the control or influence of the U.S. government. They are: ³

- Widespread Insecurity
- Underdeveloped Civil Policing Capability
- Endemic Corruption
- Sluggish Economic Growth
- Illicit Narcotics Trade
- Threats to Women’s Rights
- Reintegration of Ex-Combatants
- Restricted Oversight

Three of these areas—economic growth, women’s rights, and reintegration—were not included in previous editions of the *High-Risk List*. Additionally, the critical issue of sustainability appears as a facet of each high-risk area. Sustainability is a long-standing concern in reconstruction.

Shortcomings in finance, staffing, institutional capacity, technology and technical skills, political will, and other issues individually or in combination can undermine the Afghan government’s ability to maintain programs once foreign support has been reduced or withdrawn.

Before I elaborate on the high-risk areas, I will say a few words about SIGAR.

**SIGAR AND ITS WORK**

Congress created SIGAR in 2008 with the mandate to conduct audits and investigations and to report to Congress and the Administration on U.S. reconstruction efforts in Afghanistan, including making recommendations for improvements. ⁴ Following my appointment by President Obama, I have led SIGAR since July 2012.

SIGAR is uniquely independent. It is not housed within any one agency, and is the only Inspector General authorized to report on all aspects of reconstruction in Afghanistan, regardless of federal departmental boundaries. Our home base is in Arlington, Virginia, but we also have about 20 staff, including auditors and investigators, stationed in Afghanistan.

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³ HRL 2019, p. 9.
So far we have published nearly 600 audits, inspections, and other reports. SIGAR’s law enforcement agents have conducted more than 1,000 criminal and civil investigations that have led to more than 147 convictions of individuals who have committed crimes. Combined, SIGAR’s audit, investigative, and other work has resulted in cost savings to the taxpayer of over $3 billion.

**Nature and scope of reconstruction**

Congress has given SIGAR the mission of combating waste, fraud, and abuse in the U.S. reconstruction effort in Afghanistan. We are the only one of the 73 independent federal inspectors general that is not housed within a larger government agency. And we are unique in that we have the authority to oversee any federal agency that has played a role in the Afghanistan reconstruction effort.

It is important to note that SIGAR jurisdiction does not include warfighting; we are focused solely on Afghanistan reconstruction. SIGAR’s statutory purpose 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” and to make “recommendations . . . designed to promote economy, efficiency, and effectiveness in the administration of reconstruction programs and operations and to prevent and detect waste, fraud, and abuse in such programs and operations.”

As the statutory language suggests, U.S. reconstruction programs in Afghanistan encompass a wide variety of activities, including supporting Afghan security forces, bolstering the government’s institutional capacity, expanding energy and transportation infrastructure, building schools and clinics, training teachers and health-care workers, and promoting business development and the country’s export potential. Total appropriations for reconstruction and related costs since FY 2002 stood at roughly $137 billion as of December 31, 2019.

Of that amount, about 63% of all reconstruction funding, or $86.4 billion since FY 2002, has gone to build up the Afghan National Defense and Security Forces (ANDSF). The funds have been mostly used to provide salaries, infrastructure, equipment, and training for the ANDSF.

Another $35.0 billion in U.S. funds has been appropriated since FY 2002 for governance and economic development, or 26% of reconstruction spending. One goal of the U.S. mission in Afghanistan remains to promote economic development by advancing private-sector-led export growth and job creation, and by bolstering gains in health, education, and women’s empowerment.

As a subset of security, governance, and development funding, about $9.0 billion has been appropriated for counternarcotics programs since FY 2002 or nearly 7% of total reconstruction.

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5 Pub. L. No. 110-181, Section 1229 (i)(2).
6 SIGAR, Quarterly Report to the United States Congress, 1/30/2020, p. 43.
7 SIGAR, Quarterly Report to the United States Congress, 1/30/2020, p. 67.
8 SIGAR, Quarterly Report to the United States Congress, 1/30/2019, pp. 50–53, 79.
9 SIGAR, Quarterly Report to the United States Congress, 1/30/2020, p. 43.
10 SIGAR, Quarterly Report to the United States Congress, 10/30/2018, p. 135.
funds. Most of the remaining reconstruction spending has gone to support civilian operations, humanitarian initiatives, and anticorruption activities.

Congress and the Administration will decide to what extent reconstruction will continue if a peace settlement is reached in Afghanistan. Although Afghanistan’s leaders have often stated that their goal is self-reliance, Afghanistan is nowhere near to being able to fund its current government—in particular, its military and police—with its own resources. Donor grants totaling $8.5 billion per year currently finance approximately 75% of total public expenditures.

Although a date has not been finalized, this year the United States and other donors plan to meet to consider future funding for reconstruction in Afghanistan. The United States has pledged in the past to continue reconstruction. At the July 2018 NATO Summit in Brussels, NATO allies agreed to extend their financial sustainment of the ANSF through 2024. At the November 2018 Geneva Conference on Afghanistan, international donors reaffirmed their intent to provide $15.2 billion for Afghanistan’s development priorities up to 2020, and to direct continuing, but gradually declining, financial support to Afghanistan’s social and economic development up to 2024.

The need for reconstruction oversight

With or without a peace settlement, the U.S. mission in Afghanistan and the reconstruction effort will continue to require vigorous oversight. Afghanistan remains one of the world’s poorest and most dangerous countries. The ANSF is not able to protect the population from insurgents in large parts of the country. The central government’s capabilities are generally weak and it often lacks the capacity to manage and account for donor funds.

Corruption continues to be a massive problem. In November 2019, SIGAR released its second congressionally mandated assessment of Afghanistan’s anticorruption strategy. SIGAR found that although the Afghan government has made progress at meeting the benchmarks of its anticorruption strategy, “serious challenges remain to fighting corruption, including resource shortfalls at anticorruption institutions, the impunity of powerful individuals, and declining activity at the

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11 SIGAR, Quarterly Report to the United States Congress, 1/30/2020, p. 43. SIGAR Analysis.


13 The term “public expenditures” includes both on and off-budget spending. While 75% is a starkly high figure, the size of the Afghan government would likely contract if donor grants dropped significantly, meaning that total public expenditures would also likely decline. As the World Bank noted in a December 2019 analysis of Afghanistan’s future grant needs, the country’s total public expenditure, which is equivalent to 58% of GDP, is much higher than average for a low-income country. World Bank, Financing Peace: Fiscal Challenges and Implications for a Post-Settlement Afghanistan, 12/5/2019, i, p. 3.

14 SIGAR, Quarterly Report to the United States Congress, 1/30/2020, p. 7.


corruption courts." A third SIGAR assessment of the Afghan government’s anticorruption efforts, also directed by Congress, is currently underway.

The outlines of a possible peace deal remain uncertain. However, even if the United States were to withdraw most of its remaining troops from Afghanistan, SIGAR would continue to provide the oversight of U.S. taxpayer funds necessary to maintain the reconstruction program. SIGAR has worked for years with Afghan civil-society organizations to expand its outreach to areas beyond the control of the U.S. military. Further, if more U.S. funds are to be disbursed on-budget—either directly to the Afghan government or through multilateral trust funds—it will be vitally important that the ministries have strong accountability measures and internal controls in place. At the request of President Ghani, SIGAR currently is conducting a financial audit of Afghanistan’s power utility, Da Afghanistan Breshna Sherkat (DABS). SIGAR also has a strategy in place for looking at the internal controls of other ministries if the United States continues to provide substantial amounts of assistance on-budget to Afghan ministries.

With that overview in mind, I will proceed to summarize the High-Risk List’s discussion of the risk areas. I will explain why SIGAR considers each area to be a high risk, then review the questions for policymakers that we believe should be considered for each area. The full text of the High-Risk List, available online at www.sigar.mil, also offers detail on specific oversight products from SIGAR that provide background on the risk factors cited. I would also note that the ordering of the high-risk areas is not an indicator of relative importance; each high risk has the potential to wreak grievous or possibly fatal harm to the goals of the overall reconstruction effort in Afghanistan and even to the viability of the Afghan nation-state.

HIGH-RISK AREA: WIDESPREAD INSECURITY

Since 2001, the main goal of the U.S. intervention in Afghanistan has been to prevent the country from reverting to a safe haven for al-Qaeda and other extremist groups that threaten the United States and other countries. To that end, the United States has sought over the past 18 years to build up the Afghan National Defense and Security Forces (ANDSF) so that they can protect the Afghan population and expel terrorist groups. Of the roughly $137 billion the United States has appropriated for Afghanistan reconstruction since FY 2002 (as of December 31, 2019), $86.4 billion (63%), has gone toward building, equipping, training, and sustaining the ANDSF, with the ultimate goal of creating a more effective and sustainable security force.

The most enduring threat to the Afghan reconstruction effort, and to the U.S. taxpayer’s investment in that effort, has been an ongoing and resilient Taliban insurgency and the presence in Afghanistan

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18 SIGAR, Quarterly Report to the United States Congress, 1/30/2020, p. 4.


of terrorist groups such as Islamic State-Khorasan (IS-K). According to Secretary of Defense Mark T. Esper, the Afghan war is still in “a state of strategic stalemate” that can be solved only through a negotiated settlement between the Afghan government and the Taliban.\textsuperscript{21} The negotiations toward a settlement between the parties to the conflict are ongoing. The near-term goal of the U.S. government is to get the Taliban to implement a reduction in violence, or potentially a cease fire, in order to catalyze the beginning of direct talks with the Afghan government. An agreement on a reduction in violence or a cease-fire has not yet been reached.\textsuperscript{22}

In the meantime, insurgent attacks on the ANDSF and Coalition forces are increasing. According to the NATO Resolute Support (RS) mission, enemy-initiated attacks spiked in late-2019, with enemy attacks in September 2019, the month of the presidential election, at their highest levels in over seven years. Additionally, enemy-initiated attacks this past quarter (from October–December 2019) were at the highest level for the fourth quarter of any year since recording began in 2010.\textsuperscript{23}

While the terrorist threat from Afghanistan is somewhat less menacing than in recent years, it remains resilient. IS-K is the most active terrorist group in the country. United States Forces-Afghanistan (USFOR-A) reported that in late-2019 the ANDSF “dismantled” IS-K’s stronghold in Nangarhar Province, with hundreds of fighters and their families surrendering. However, USFOR-A also assessed in September 2019 that between 2,000 and 5,000 IS-K fighters remain in Afghanistan, and the group can still conduct high-casualty attacks in the country, and possibly target U.S. interests there and the wider region.\textsuperscript{24}

Therefore, with or without a sustainable peace settlement or a local or nationwide ceasefire between the Taliban and the Afghan government, Afghanistan will continue to need a security force to protect the population from internal and external threats, provide a policing function to respond to criminal activity, and control its borders. Any political settlement also entails the risk that not all insurgent factions or commanders will abide by an agreement made by their leadership.

The ANDSF will also continue to be constrained by capability and sustainability challenges. When asked in a congressional hearing on March 7, 2019, whether the ANDSF could independently secure Afghanistan without a peace deal between the Afghan government and the Taliban, Commander of United States Central Command General Joseph Votel said, “My assessment is the Afghan forces are


\textsuperscript{23} RS, response to SIGAR data call, 1/7/2020; USFOR-A, response to SIGAR vetting, 1/17/2020; SIGAR, analysis of RS-provided data, 1/2020.

dependent upon the Coalition support that we provide to them.”

Some of the capability and sustainability challenges confronting the ANDSF include:

**ANDSF struggles to sustain offensive combat power**

The United States has spent an enormous amount of money and attention to expand the size and capabilities of the Afghan Air Force (AAF) and the Afghan Special Security Forces (ASSF), as they are essential to enable offensive operations against the insurgency. While, the AAF has reportedly made strides in its ability to conduct operations independently, it still does very little of the aircraft maintenance needed to sustain those operations. The AAF struggles to keep their aircraft readiness at the required levels during periods of high operational tempo, even when maintenance is being provided by U.S.-funded contractors. In September 2019, SIGAR highlighted these concerns in an audit on the UH-60 Blackhawk helicopter program that found that the program succeeded in providing the aircraft to the AAF on time, but was at risk of not having enough trained Afghan pilots or maintainers to operate and sustain them. As a result, the Senate Appropriations Subcommittee on Defense recommended a reduction of $463.3 million for UH-60 procurement for FY 2020 and directed DOD to suspend UH-60 procurements in FY 2020.

One of the main challenges for the ASSF, generally considered the most capable element of the ANDSF, is that they are often tasked to conduct missions more appropriate for conventional forces. Coalition advisors are working with ANDSF leaders to correct this issue. DOD has also cited the increased number of independent ASSF operations as an important success indicator. However, ASSF ground operations data from the last two years show that U.S. and Coalition forces are increasingly partnering with, or assisting the ASSF with, their operations.

**Persistent recruiting, retention, and attrition problems**

The ANDSF, at a force strength of 272,807 (as of October 31, 2019), is roughly 80,000 personnel below its authorized strength. The force continues to struggle with attrition, mainly from personnel going absent without leave, deserting, not recontracting with the force, or being killed or injured. DOD reported that ANDSF casualties during May–October 2019 slightly increased compared to the same period in 2018. High attrition, combined with sluggish recruiting, has led to sustained low force...
strength, undermanned basic-training courses and delays in course start dates, and a reduced pipeline of trained personnel joining their units.  

**Personnel accountability and pay-system use slow to improve**

The ANDSF also struggles to accurately account for and pay its personnel. Over the past three years, RS advisors have worked to reduce their reliance on manual Afghan personnel reporting by implementing the electronic Afghan Personnel and Pay System (APPS) to better track, manage, and pay the ANDSF.  APPS has now been fully deployed to the Afghan National Army (ANA) and Afghan National Police (ANP) to use for their personnel management, and the ANA is using it to process payroll. However, both forces have not yet completed data-cleansing efforts in the system that will enable them to use it as it is intended, such as enrolling 100% of their personnel and identifying and removing all inactive or “ghost” personnel. SIGAR, in cooperation with the Combined Security Transition Command-Afghanistan (CSTC-A), is currently investigating a number of “ghost worker” schemes at this time that continue to highlight serious vulnerabilities in the payroll systems of both the ANA and ANP.

**Lagging logistics and maintenance capability**

The ANDSF face key logistics and maintenance challenges, one of which is that the force is not yet capable of independently maintaining their U.S.-provided vehicles and other equipment. DOD has described this as critical to the long-term sustainability of the ANDSF and its U.S.-funded equipment. Currently, U.S. contractors are carrying out most routine maintenance for ANDSF vehicles (and all heavy repairs), and the maintenance training for the ANDSF, at the American taxpayer’s expense.  

Questions for policymakers

- What would the American contribution to any ongoing train, advise, and assist effort for the ANDSF be in a post-peace deal environment when the active insurgent threat to the ANDSF might be reduced or significantly diminished?

- If the United States were to drastically decrease its train, advise, and assist mission, how might DOD continue to ensure the ANDSF is capable of defending Afghanistan and ensure U.S. national security interests in the region are protected?

- In a possible post-peace deal environment, if the United States had a reduced role in training, advising, and assisting the ANDSF and/or providing less financial and military support to it, what would be the risks to the gains made in key areas, such as

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34 DOD, Enhancing Security and Stability in Afghanistan, 12/2016, p. 13, 43.

35 CSTC-A, response to SIGAR data call, 12/19/2019 and response to SIGAR vetting, 1/10/2020.

the expansion and improvement of the Afghan Air Force and the Afghan Special Security Forces?

HIGH-RISK AREA: UNDERDEVELOPED CIVIL POLICING CAPABILITY

With the possibility of a peace settlement coming into view, SIGAR has been encouraged to learn that the Afghan Minister of Interior, the International Police Coordination Board, and the U.S. Combined Security Transition Command in Afghanistan (CSTC-A) are in the process of discussing the role of the Afghan police in a possible “post peace” Afghanistan. However, the United States and its Coalition partners still have no comprehensive strategy as to how RS will align its nationwide police advising mission to support Afghan rule of law and civil policing in the event of a political settlement. Important decisions such as the future of NATO’s and the U.S. military’s role in police assistance during “the day after peace” remains unanswered.

Traditionally, the State Department is responsible for police assistance, but because of Afghanistan’s high threat environment, the Defense Department—which is largely ill-prepared and not organized for such a mission—has assumed the lead for training, advising, and equipping the Afghan police forces since 2005. According to SIGAR interviews with State Department officials in Afghanistan and Washington, DC, the State Department is not involved in current discussions about the mission of a “post peace” police force and have largely deferred future plans to the U.S. military, even though the State Department may assume a more prominent role following a political settlement. However, shifting responsibility for police assistance from Defense to State could cause other problems. As the U.S. learned in Afghanistan in 2005 and in Iraq in 2010, transferring security sector assistance roles and responsibilities within U.S. agencies and between Title 22 and Title 10 congressional authorities is not seamless, and can result in many early missteps.

After 18 years of U.S. engagement, it is not clear that the United States and its Coalition partners have helped create an Afghan police force capable of “post-peace policing.” Throughout the reconstruction effort, the United States military’s approach to developing the Afghan National Police (ANP) focused on creating a paramilitary force capable of supporting Afghan National Army (ANA) counterinsurgency operations rather than performing core police functions.

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37 SIGAR meeting with the Combined Security Transition Command – Afghanistan (CSTC-A), December 12, 2019.


40 SIGAR meeting with State Department, November 7, 2019; SIGAR meeting with U.S. Embassy, December 15, 2019.


Following a political settlement, Afghan police, rather than the army, are likely to be the element responsible for everyday security and will serve as a direct link to the Afghan government in local communities. The ANP’s underdeveloped civil policing capabilities therefore presents a risk to long-term stability of the Afghan government.\footnote{SIGAR conclusion based on analysis of available data sources, 3/2019.} A substantial monetary investment is also at risk. As of December 31, 2018, the United States had obligated $21.3 billion and disbursed $21.0 billion from the Afghanistan Security Forces Fund (ASFF) to build, train, equip, and sustain the ANP.\footnote{John F. Sopko, “High Risk U.S. Reconstruction Program Areas in Afghanistan,” Testimony before the House Committee on Oversight and Reform, Subcommittee on National Security, 4/3/2019, p. 13.}

SIGAR’s 2017 lessons learned report, \textit{Reconstructing the Afghan National Defense and Security Forces: Lessons from the U.S. Experience in Afghanistan}, found that police development was treated as a secondary mission for the U.S. government, despite the critical role that the ANP was intended to play in implementing rule of law and providing static, local-level security nationwide. The U.S. military aligned its military-to-military engagements with the ANA, but there was no similar symmetry between U.S. civilian law enforcement entities and the ANP.\footnote{SIGAR, \textit{Reconstructing the Afghan National Defense and Security Forces: Lessons From the U.S. Experience in Afghanistan}, SIGAR 16-62-LL, 9/2017, ix, p. 169.}

SIGAR also found that the United States lacks an institutionalized capability to develop foreign police forces in a high-threat environment. Police advising is not a core competency of the U.S. military and therefore DOD does not have the required authorities, funding and personnel to manage the police advising mission in Afghanistan. By law, the State Department is the lead agency responsible for foreign police development, but is not able to operate freely in a non-permissive environment and the agency is staffed with program and contract managers and not law enforcement specialists. The Department of Justice has a program to train foreign police forces—the International Criminal Investigative Training Assistance Program (ICITAP). However, ICITAP has no independent funding or operational authority and must fully rely on State or DOD funding.\footnote{SIGAR, \textit{Reconstructing the Afghan National Defense and Security Forces: Lessons From the U.S. Experience in Afghanistan}, SIGAR 16-62-LL, 9/2017, p. 182.} NATO itself does not have an institutionalized police advising capability, although efforts are underway to create a capability to deploy professional police advisors in future NATO operations. The concept is pending review and approval at NATO headquarters.\footnote{SIGAR, \textit{Reconstructing the Afghan National Defense and Security Forces: Lessons From the U.S. Experience in Afghanistan}, SIGAR 16-62-LL, 9/2017, viii–xix.}

SIGAR has recently partnered with the NATO Stability Police Center of Excellence and initiated a new lessons learned report in 2019 that will focus on the development of the ANP and a civil policing function in Afghanistan.\footnote{Memorandum of Cooperation, signed December 14, 2019.}
Questions for policymakers

Given the lack of U.S. emphasis on civil policing in Afghanistan since 2001, what is the U.S. strategy for coordinating with allies and the Afghan government to implement professional civil policing?

The Afghan government generated approximately $2.5 billion in domestic revenues in FY 2018. Currently, ANP sustainment costs for FY 2019 are about $1.1 billion, of which the Afghan government is scheduled to contribute $207 million from its domestic revenues (the rest of ANP sustainment costs are covered by the U.S. and Coalition nations). In a post-reconciliation environment, how can the ANP be sustained at a cost of $1.1 billion a year?

In the event of a potential peace deal, who will be the lead U.S. agency responsible for developing Afghan civil police capabilities and does that agency have the required congressional authorities, resources, and funding required for the mission?

HIGH-RISK AREA: ENDEMIC CORRUPTION

According to the most recent U.S. Ambassador to Afghanistan, John R. Bass, the problem that most troubles former U.S. ambassadors, military officials, and elected officials in Afghanistan is corruption, which “has not received as much attention, focus or determination—from Afghans—as it deserves.” SIGAR’s September 2016 Lessons Learned Program report on corruption found that corruption substantially undermined the U.S. mission in Afghanistan from the very start. SIGAR concluded that failure to effectively address the issue means U.S. reconstruction programs, at best, will continue to be subverted by systemic corruption and, at worst, will fail. Despite many anticorruption efforts, the problem persists. According to the Department of Defense, “corruption remains the top strategic threat to the legitimacy and success of the Afghan government.”

At a December 15, 2019, event hosted by President Ghani at the presidential palace in Kabul to mark International Anti-Corruption Day, Ambassador Bass said Afghans too often refuse to accept responsibility for corruption and instead place the blame for corruption on someone else. He called for action before it is too late to salvage donor confidence.

In November 2019, SIGAR released its congressionally directed update to its first assessment of the Afghan government’s implementation of a national anticorruption strategy in 2018. SIGAR found that although the Afghan government has made progress in meeting its anticorruption strategy


benchmarks, serious challenges remain. Achieving the benchmarks contained in Afghanistan’s anticorruption strategy is just one way to measure progress in combating corruption. While meeting any individual benchmark is a positive development, ensuring that the broader intent of each benchmark is accomplished has been a concern of international donors and Afghan civil society.

Without the political will to address challenges, including resource shortfalls at anticorruption institutions, the seeming impunity of powerful individuals, and declining activity at the corruption courts, transformative change will remain elusive.53 (A third anticorruption assessment is under way, as mandated by Congressional appropriators in late 2019.)54

In October 2018, State reported to SIGAR that the U.S. Embassy prioritized the corruption-related Afghanistan Compact benchmarks—an Afghan-led initiative beginning in 2017 designed to demonstrate the government’s commitment to reforms.55 In June 2019, State said the Attorney General’s Office (AGO) met several corruption-related Compact benchmarks, including successfully prosecuting former Herat governor and head of the Independent Election Commission Ahmad Yusuf Nooristani. Further, State highlighted how the AGO indicted for fraud all 12 election commissioners who oversaw the October 2018 parliamentary election.56

However, in September 2019, State told SIGAR that the Afghan government and the U.S. Embassy suspended their periodic Compact meetings for tracking benchmark progress until after the 2019 presidential election is resolved.57

Despite the Compact’s suspension, State publicly criticized the Afghan government’s response to corruption, calling in the days leading up to the election for the Afghan government “to demonstrate a clear commitment to fight corruption, to serve the Afghan people, and to maintain their trust.”58 Further, Ambassador Bass warned of much reduced financial support if Afghans do not “make progress addressing impunity and curbing rampant corruption.”59

In the security sector, the Combined Security Transition Command-Afghanistan (CSTC-A) said corruption remains pervasive throughout the Afghan security forces. This corruption, they added, harms the battlefield effectiveness of the Afghan security forces by diverting resources meant for


57 SIGAR, Quarterly Report to the United States Congress, 10/2019, p. 110.


fighting units and by creating negative perceptions of the Afghan government, undermining the Afghan government’s legitimacy and reconciliation efforts.\textsuperscript{60}

Questions for policymakers

In the event of a peace settlement, how could the U.S. government restructure its reconstruction assistance and programs to promote compelling anticorruption programs in Afghanistan? Does that calculus change for an Afghan government that includes the Taliban?

What will be the impact of fewer U.S. military and civilian personnel, fewer international troops, and reduced donor assistance on the ability of the Afghan government to fight corruption?

Should the United States consider imposing financial penalties or other consequences should Afghan reform benchmarks not be met?

HIGH-RISK AREA: SLUGGISH ECONOMIC GROWTH

Economic self-reliance and long-term stability are key reconstruction goals, but Afghanistan’s licit economic growth remains low and the country depends on donors to finance 75\% of its total public expenditures.\textsuperscript{61}

The U.S. government’s current Integrated Country Strategy (ICS) for Afghanistan states that no U.S. efforts there—including the fundamental objective of preventing further attacks by terrorists on the U.S. homeland—can be sustained without a growing licit Afghan economy.\textsuperscript{62} Risks posed by a lack of sustained economic growth and job creation, the ICS says, include increased youth unemployment and poverty that could lead to extremism.\textsuperscript{63} According to USAID, accelerating economic growth could help expand the Afghan government’s revenue base, contribute to stability, and create the

\textsuperscript{60} CSTC-A is tasked with training, advising, and assisting the Afghan security institutions. SIGAR, Quarterly Report to the United States Congress, 1/30/2019, p. 134.


conditions necessary for peace. Successful peace negotiations, USAID added, would catalyze growth.

Although a sustainable peace agreement could boost business confidence and investment, and therefore improve growth prospects substantially, peace also carries its own set of challenges. For example, according to USAID, a significant number of Afghans could return from Pakistan. If that occurs, they will have to be integrated—along with former Taliban fighters—into a labor market that already struggles to provide sufficient job opportunities for Afghanistan’s youth. A peace agreement would also neither inherently nor immediately reduce major enduring barriers to growth, including limited skilled labor, a significant infrastructure deficit, corruption, and heavy reliance on foreign donor support.

Although improving prospects for the licit Afghan economy has been a fundamental focus of donors for many years, sustainable growth remains elusive. SIGAR’s 2018 Lessons Learned Program report on private-sector development and economic growth found that despite significant U.S. effort, estimated poverty, unemployment, and underemployment had not been reduced substantially; further, corruption had undermined the legitimacy of the Afghan state. Moreover, despite near-double-digit growth over the first decade of reconstruction, the Afghan government faced a substantial budget shortfall in 2014 when international military expenditures in-country declined rapidly as U.S. and Coalition forces drew down. Ultimately, SIGAR determined, economic gains in
the first decade of reconstruction were heavily subsidized by donor support, and therefore were unsustainable.\textsuperscript{72}

Even in the event of a peace agreement, Afghanistan’s low fiscal capacity may be inadequate to sustain the infrastructure (e.g., roads and electricity generation and distribution) and institutions (e.g., government ministries) developed over the last 18 years. While flawed, these real reconstruction achievements will be vital if the economy is to expand as the Afghan government is asked to assume a more prominent role in its own development in the coming years.\textsuperscript{73} Following several years of strong performance, the growth rate of Afghanistan’s domestic (non-grant) revenues slowed significantly in 2019, raising concerns about the country’s path to self-reliance.\textsuperscript{74} Afghanistan will require at least $4.6 billion, and as much as $8.2 billion, of donor funding, per year, through 2024, even in the event of a peace settlement, according to a December 2019 World Bank report.\textsuperscript{75}

In the current environment, risks to reconstruction funding posed by sluggish economic growth remain high. For Afghanistan, hopes for higher future growth depend heavily on improvements to security, political stability, and continued foreign assistance, according to the IMF.\textsuperscript{76} But improvement in these areas is uncertain: the Afghan government’s control of territory deteriorated over the last several years for which data is available, the outcome of the latest Afghan presidential election remains unresolved months after the final vote was cast, and levels of future grant support to Afghanistan are unclear.\textsuperscript{77} As the IMF said in December 2019, “Risks to the [growth] outlook are tilted to the downside.”\textsuperscript{78}

Questions for policymakers

How will U.S. economic-development programming adjust to a potential peace settlement?

If a sustainable peace settlement is reached, how will economic-development programming simultaneously support the reintegration of former fighters, the


\textsuperscript{74} IMF, Staff Report for the 2019 Article IV Consultation and the Sixth Review under the Extended Credit Facility Arrangement, 12/2019, pp. 9-10.

\textsuperscript{75} World Bank, Financing Peace: Fiscal Challenges and Implications for a Post-Settlement Afghanistan, 12/5/2019, ii.


\textsuperscript{78} IMF, Staff Report for the 2019 Article IV Consultation and the Sixth Review under the Extended Credit Facility Arrangement, 12/2019, p. 1.
possible return of Afghan refugees from Pakistan, and the large number of returnees from Iran?

What is the current thinking among U.S. agencies on the relationship between economic growth and stability? How do current and planned economic-development interventions reflect that thinking and what are the metrics of success?

HIGH-RISK AREA: THE ILLICIT NARCOTICS TRADE

Since FY 2002, the United States government has provided $9.0 billion to thwart narcotics production and trafficking in Afghanistan.79 Yet Afghanistan remains the global leader in opium-poppy cultivation, as it has since the late 1990s, according to data from the United Nations Office on Drugs and Crime (UNODC).80 UNODC has yet to release its 2019 survey, but based on UNODC’s 2018 report, Afghan opium-poppy cultivation levels reached an all-time high in 2017 and the second highest level in 2018 since UNODC began collecting data in 1994.81

The illicit opium trade hinders the Afghan government’s efforts across numerous sectors, including security, governance, and economic and social development.82 The cultivation and trafficking of illicit drugs finances drug-trafficking organizations and antigovernment groups, undermines the government’s legitimacy, and feeds corruption, benefiting insurgent groups and corrupt government officials alike.83

Despite these concerns, President Ashraf Ghani dissolved the Ministry of Counter Narcotics (MCN) last year.84 Although State was unable to provide SIGAR with any information on why the Afghan government chose to dissolve the MCN, they reported that former MCN employees had been transferred to other Afghan government entities, even as the fate of MCN facilities remained to be finalized.85 State also reported that the presidential decree interrupted the planning and execution of opium-poppy eradication in 2019 and little, if any, eradication occurred.86 The Ministry of Interior’s

84 GIROA, Presidential Decree Number 139, 1/14/2019; SIGAR, Interview with MOI Official from Deputy Directorate of Counter Narcotics, 9/1/2019; State, INL, response to SIGAR data call, 12/18/2019.
85 State, INL, response to SIGAR data call, 12/18/2019; SIGAR, Interview with MOI Official from Deputy Directorate of Counter Narcotics, 9/1/2019; State INL, response to SIGAR vetting, 1/10/2020.
86 State, INL, response to SIGAR data call, 9/18/2019.
counternarcotics police now have eradication authority, but it is not yet possible to say what will occur in the upcoming season.\textsuperscript{87}

Addressing Afghanistan’s illicit drug trade also appears to have fallen off the international agenda in recent years. In 2018, SIGAR was informed that the State Department was no longer developing a stand-alone U.S. counternarcotics strategy for Afghanistan. USAID also said it would no longer design or implement programs to address opium-poppy cultivation, and DOD reported that it does not have a counternarcotics mission in Afghanistan.\textsuperscript{88} Also in 2018, a SIGAR lessons learned report found that these earlier State, USAID, and DOD counternarcotics programs did not result in long-term reductions in opium-poppy cultivation or production.\textsuperscript{89} The findings in SIGAR’s lessons learned report prompted a September 2018 request from the Senate Caucus on International Narcotics Control that SIGAR conduct a thorough review of the U.S. government’s current counternarcotics efforts in Afghanistan.\textsuperscript{90}

In response to the caucus request, in February 2019, SIGAR initiated an audit of the U.S. government’s counter threat finance efforts against the Afghan terrorist and insurgent narcotics trade.\textsuperscript{91} As a component of the review, the caucus asked SIGAR to determine the status of the Department of State-led interagency \textit{U.S. Counternarcotics Strategy for Afghanistan} and State’s revision of, or plans to revise, this strategy. As an intermediate report of the ongoing audit, SIGAR issued an alert letter in January 2020 that found that State has not revised, and has no plans to revise, the 2012 \textit{U.S. Counternarcotics Strategy for Afghanistan}. State officials told SIGAR that the department currently follows the overall strategic priorities of the administration’s August 2017 \textit{Strategy in Afghanistan and South Asia} (South Asia strategy), with additional counternarcotics guidance provided by documents such as the draft “U.S. Counter-Taliban Finance Strategy” and the Executive Order on Transnational Organized Crime (E.O. 13773). The National Security Council was not willing to provide a copy of the classified South Asia Strategy to SIGAR, and President Trump’s August, 21, 2017, speech announcing the strategy did not mention narcotics. State explained to SIGAR that based on the overall strategic guidance, State decided that political settlement with the Taliban was its priority and started aligning activities towards this objective rather than, for example, towards revising the 2012 counternarcotics strategy.\textsuperscript{92}

\textsuperscript{87} State, INL, response to SIGAR vetting, 1/10/2020.

\textsuperscript{88} State, INL, response to SIGAR data call, 9/21/2018; USAID, OAG, response to SIGAR data call, 3/20/2018; DOD, USFOR-A, response to SIGAR vetting, 7/13/2018; DOD, response to SIGAR vetting, 7/16/2016.

\textsuperscript{89} SIGAR, Counternarcotics: Lessons from the U.S. Experience in Afghanistan, 6/2018, viii, p. 79.

\textsuperscript{90} SIGAR, Alert Letter: U.S. Counternarcotics Strategy in Afghanistan, 1/2020.

\textsuperscript{91} SIGAR, U.S. Government Counter Threat Finance Efforts Against the Afghan Terrorist and Insurgent Narcotics Trade, 2/7/2019.

\textsuperscript{92} SIGAR, Alert Letter: U.S. Counternarcotics Strategy in Afghanistan, 1/2020.
Questions for policymakers

Given the poor performance of many U.S. counternarcotics programs over the past 18 years, can the U.S. government support effective counternarcotics programs after a peace accord?

Can capacity-building programs strengthen Afghan government institutions to prevent the country’s collapse into a narco-state?

How would a potential peace accord with the Taliban impact opium cultivation and production in Afghanistan?

HIGH-RISK AREA: THREATS TO WOMEN’S RIGHTS

Since 2002, the United States and the international donor community have sought to reverse the brutal oppression of women witnessed under the previous Taliban regime from 1996 to 2001. The United States has committed at least $1 billion for programs aimed at improving the health and status of women in Afghanistan and spent another $1 billion on programs for which the advancement of women was a component. Since the Taliban regime was overthrown in 2001, millions of Afghan women have voted, and some women now occupy prominent positions in Afghan society. According to the United States Institute of Peace, 68,000 women are instructors in schools and universities; 6,000 women serve as judges, prosecutors, defense attorneys, police, and soldiers; about 10,000 women are doctors, nurses, or other health care professionals; and 1,150 women entrepreneurs have invested $77 million in their businesses. Further, the Inter-Parliamentary Union reports there are now eighty-five female members of parliament (out of 312 seats). Recent U.S. talks with the Taliban have raised questions about whether the fragile gains that have been made in women’s rights would be protected in the event of a U.S. drawdown. Many observers fear a peace agreement, which could incorporate the Taliban into the Afghan government, might allow the situation for women in Afghanistan to regress toward what it was under the previous Taliban regime.

While the Taliban have provided vague reassurances to Afghan women, many questions remain, particularly regarding the Taliban’s interpretation of women’s rights according to Islam. The

93 SIGAR, Quarterly Report to the United States Congress, 10/30/2016, p. 3.


uncertainty over specific Taliban positions on women’s rights has catalyzed much concern among Afghan women.98

The second concern is that, should a peace agreement signal broader U.S. disengagement from Afghanistan, gains in women’s rights could be jeopardized even if the Taliban were to relax some of its previous stances.99

Some experts believe that a precipitous withdrawal of U.S. forces could lead to the deterioration of political and economic freedoms, however limited, currently enjoyed by women in Afghanistan.100

In October 2019, SIGAR initiated a lessons learned project on empowering Afghan women and girls and anticipates releasing this product in early 2021. SIGAR has an ongoing audit of DOD’s support for women’s infrastructure in the Afghan security forces. This audit will identify DOD’s efforts to build infrastructure for women in the security forces, how DOD measured its success in building infrastructure supporting women in the security forces, and the extent to which facilities built by DOD as part of its efforts to support women in the security forces are being used for their intended purposes.

Questions for policymakers

What can the United States do to ensure that women’s rights, as currently enshrined in Afghan law, are protected in a post-peace agreement environment in which the Taliban may become part of the Afghan political system?

In talks with the Taliban, how is the United States promoting “the meaningful participation of women in mediation and negotiation processes seeking to prevent, mitigate, or resolve violent conflict” and the “physical safety, economic security, and dignity of women and girls” as called for in the Women, Peace, and Security Act of 2017 (Pub. L. No. 115-68)?

How can DOD, State, and USAID better track the outcomes of gender-advancement programming in Afghanistan, determine any causal connection between U.S. gender programming and those outcomes, and become better stewards of U.S. taxpayer dollars spent on these programs?

HIGH-RISK AREA: THE CHALLENGE OF REINTEGRATION

The U.S. and the Afghan governments agree that the best way to ensure lasting peace and security in Afghanistan is to achieve reconciliation and a sustainable peace agreement with the Taliban.101 While estimates for the number of active Taliban fighters vary, the commander of U.S. Central

100 CSIS, Finishing Strong: Seeking a Proper Exit from Afghanistan, 2/2019, pp. 1, 5.
101 SIGAR, Quarterly Report to the United States Congress, 7/30/2018, p. 112.
Command, General Kenneth McKenzie Jr., put the figure at 60,000 fighters.\textsuperscript{102} If the Afghan government and the Taliban reach a comprehensive peace agreement, these ex-combatants will need to transition to a sustainable livelihood and peacefully reintegrate into Afghan society. There may also be efforts to demobilize and reintegrate members of other illegal armed groups. Successfully reintegrating these tens of thousands of former fighters into society will be critical for Afghanistan to achieve lasting peace and stability.\textsuperscript{103} The United Nations defines reintegration as “the process by which ex-combatants acquire civilian status and gain sustainable employment and income.” Reintegration efforts aim to both ensure that individual former fighters do not revert to violence, and at the macro level, to contribute to peace-building, prevent conflict recurrence, and reestablish the state’s monopoly over the use of force.\textsuperscript{104}

In September 2019, SIGAR’s Lessons Learned Program published a report examining the four main post-2001 efforts to reintegrate ex-combatants, and assessed their effectiveness.\textsuperscript{105} SIGAR found that these efforts did not help any significant number of former fighters to reintegrate, did not weaken the insurgency, and did not reduce violence.\textsuperscript{106} SIGAR concluded that as long as the Taliban insurgency is ongoing, the United States should not support a program to reintegrate former fighters.\textsuperscript{107} However, the United States should consider supporting a reintegration effort if certain conditions are in place: (1) the Afghan government and the Taliban sign a peace agreement that provides a framework for reintegration of ex-combatants; (2) a significant reduction in overall violence occurs; and (3) a strong monitoring and evaluation system is established for reintegration efforts.\textsuperscript{108}

At the same time, the mixed record of reintegration efforts undertaken in dozens of countries since the late 1980s suggests that similar efforts in Afghanistan will likely face significant challenges.\textsuperscript{109} For example, a weak economy with few job opportunities would complicate reintegration. Ongoing insecurity, political uncertainty, poor social cohesion within a population traumatized by decades of war, and weak governance and rule of law will probably pose serious challenges to reintegration.

\textsuperscript{102} At the time of this estimate, General Kenneth McKenzie Jr. was the nominee for command of U.S. Central Command and a lieutenant general. John F. Sopko, “High Risk U.S. Reconstruction Program Areas in Afghanistan,” hearing testimony before the House Committee on Oversight and Reform, Subcommittee on National Security, 4/3/2019, p. 27.


\textsuperscript{105} SIGAR, Reintegration of Ex-Combatants: Lessons from the U.S. Experience in Afghanistan, September 2019, VIII.


\textsuperscript{107} SIGAR, Reintegration of Ex-Combatants: Lessons from the U.S. Experience in Afghanistan, September 2019, XII.

\textsuperscript{108} SIGAR, Reintegration of Ex-Combatants: Lessons from the U.S. Experience in Afghanistan, September 2019, XIII.

If U.S. agencies support a reintegration program, policymakers and practitioners should anticipate and plan for these challenges to implementation. Good practice in reintegration programs requires extensive data collection and analysis, information management, vetting, monitoring and evaluation, capacity development of host government institutions, and resource mobilization.

Questions for policymakers

If a reintegration program were established, what entities would be responsible for designing, implementing, and funding it, and what role would the United States play in reintegration efforts?

Do donors have the appetite to commit to a series of long-term, post-conflict reintegration activities, and the ability to effectively implement such activities?

Will a future peace agreement include details regarding the integration of former insurgents into state security forces?

HIGH-RISK AREA: RESTRICTED OVERSIGHT

In Afghanistan’s conflict setting, where rules are not rigorously observed and documentation is often incomplete and unverifiable, it is essential for effective U.S. and donor oversight to have personnel physically present and able to move about the country. Otherwise, it is difficult to determine whether training is effective, equipment is operable, clinics are stocked with medicines, schools are open, or buildings are safe and functional.

**Insecurity hinders oversight of U.S.-provided assistance**

SIGAR has the largest oversight presence in Afghanistan, with more auditors, analysts, and investigators in country than any other U.S. government agency. But large portions of Afghanistan are already inaccessible to SIGAR and other U.S. civilians working under Embassy Kabul’s Chief of Mission authority. While the U.S. Embassy accommodates travel requests as practicable, most embassy personnel including USAID and State Department program officers move only within the international zone in Kabul due to security concerns. Likewise, SIGAR and other IG agency staff are similarly limited, although SIGAR personnel are sometimes able to travel under State Department and U.S. military protection, subject to chief-of-mission permission. To mitigate the impact of movement restrictions, SIGAR employs alternative means to ensure visibility on U.S.-funded projects, such as using satellite imagery, hiring Afghan nationals, and partnering with Integrity Watch.

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Afghanistan (IWA), an Afghan civil society organization focused on transparency and accountability. Under the supervision of SIGAR staff in Kabul, IWA has conducted about 700 activities on behalf of SIGAR, spanning 23 of Afghanistan’s 34 provinces, since 2015.113

U.S. military officials find their oversight of Afghan security forces restricted by insecurity that constrains their ability to move about the country and meet with their counterparts. SIGAR’s quarterly reports to Congress have noted that the current U.S. force structure in Afghanistan has led to the loss of “touch points” at Afghan battalion and brigade levels, allowing only limited visibility into ANDSF performance and security-related reconstruction projects. Directly observed information on Afghan unit performance now is generally confined to the corps (Afghan National Army) or zone (Afghan National Police) headquarters location.114 The United States therefore relies heavily on Afghan and contractor reporting that cannot be verified even for important ANDSF performance and readiness metrics, like equipment operational readiness and force strength reporting.115

Even if high standards of practice were more consistently applied, the ability of U.S., Coalition, and international employees to monitor, manage, and oversee programs in Afghanistan will only become more problematic if the security environment does not improve markedly, or if a possible peace settlement entails further reductions in foreign personnel without accompanying improvement in Afghanistan’s governance.

*Donor funding still at risk*

USAID officials said at the 2019 Civilian Assistance Review that the Afghan government lacks the systems, procedures, and controls required to manage additional U.S. on-budget funds.116 Yet, billions of dollars in appropriated U.S. funds for Afghanistan remain to be disbursed, and the United States and other donors have expressed the intent to continue providing aid, including “on budget” aid (channeled directly to the Afghan government or through multilateral trust funds) “as appropriate.”117 Since 2002, the United States has provided nearly $15.7 billion in on-budget assistance to the Afghan government. This includes about $10.1 billion to Afghan government ministries and institutions, and about $5.6 billion to three multinational trust funds—the World Bank’s Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development

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Programme’s Law and Order Trust Fund (LOTFA), and the Asian Development Bank’s Afghanistan Infrastructure Trust Fund (AITF).\textsuperscript{118}

SIGAR has discovered, investigated, and audited several troubling instances of waste, fraud, and abuse of U.S. on-budget funds. One of the most persistent examples is fuel theft. In 2013, Afghanistan’s Ministry of Defense (MOD) awarded a fuel-procurement contract valued at nearly $1 billion. A SIGAR investigation subsequently found evidence of contractor collusion, rig bidding, and attempted bribery, and an April 2018 SIGAR evaluation found that at least $154.4 million in fuel was stolen from either the U.S. military or the ANDSF.\textsuperscript{119} Despite dozens of SIGAR criminal investigations related to fuel theft in the country, many of which were conducted in partnership with other U.S. and Afghan government agencies, CSTC-A recently reported the largest area of corruption (in monetary terms) in the Afghan security forces remains fuel-related.\textsuperscript{120}

\textbf{CSTC-A declines to adequately describe conditions for on-budget assistance}

Over the past year, SIGAR has sought to understand the U.S. Combined Security Transition Command-Afghanistan’s (CSTC-A) evolving perspective on the effectiveness of conditioning their approximately $809.5 million in planned on-budget assistance to the MOD and MOI in the next Afghan fiscal year. CSTC-A is no longer issuing commitment letters that outline certain predefined conditions that could result in reduced funding if the MOD or MOI fail to meet the conditions.\textsuperscript{121} CSTC-A says that while it reserves the right to financially penalize the Afghan security forces, it believes financial incentives are a more effective tool.\textsuperscript{122} Yet, despite repeated requests, CSTC-A has yet to give SIGAR specifics as to how this approach actually works or to provide a list of any financial penalties or incentives.\textsuperscript{123} SIGAR recently initiated an audit of CSTC-A’s use and enforcement of conditionality to improve accountability and transparency in the ANDSF.\textsuperscript{124} CSTC-A’s responses so far to this audit have similarly been of limited value to proper oversight.

\textsuperscript{118} SIGAR, Quarterly Report to the United States Congress, 1/30/2020, p. 45. [NOTE: This testimony was prepared while SIGAR’s January 2020 quarterly report to Congress was being laid out for printing. Once pagination is complete, SIGAR will promptly submit a corrected version with final page numbers for the Committee’s use.]


\textsuperscript{120} SIGAR, Quarterly Report to the United States Congress, 1/30/2019, p. 29; DOD, CSTC-A, ROL and TAO, response to SIGAR data call, 9/18/2019.


\textsuperscript{122} DOD, CSTC-A, response to SIGAR audit request for information, 12/24/2019.

\textsuperscript{123} DOD, CSTC-A, response to SIGAR data call, 12/19/2019; DOD, CSTC-A, response to SIGAR audit request for information, 12/24/2019.

\textsuperscript{124} SIGAR, notification of an audit of Combined Security Transition Command-Afghanistan’s (CSTC-A) use of conditionality, 10/25/2019.
Oversight and accountability will remain vitally important

SIGAR’s experience shows that as the United States provides more reconstruction funds on-budget, whether through bilateral transfers or disbursement via multilateral trust funds, it will be vital that Afghan ministries have strong accountability measures and internal controls in place because external visibility into the use of funds is likely to shrink. Oversight of those measures and controls will be equally important.

Questions for policymakers

If more (or most) U.S. assistance to the Afghan government moves on-budget as a result of a negotiated peace settlement, whether through bilateral transfers or disbursement through multilateral trust funds, what are the best oversight mechanisms to make the waste, fraud, and abuse of U.S. reconstruction funds more difficult, and more likely to be spotted?

Have agencies taken appropriate steps to use third-party monitors, remote sensing, increased access to Afghan documentation and officials, or other tools to maintain acceptable levels of oversight, and have they reported the limitations of these methods to Congress?

In light of a possible reduction of U.S. military and civilian personnel after a potential peace agreement, how can Congress and U.S. implementing agencies focus their oversight on reconstruction program outcomes rather than on easy measures of activity or outputs?

CONCLUSION

No one disputes that after 40 years of war, peace would be a blessing for the long-suffering people of Afghanistan. And no one knows at this point what the specific terms of an acceptable peace deal would look like. But as the topical sections of SIGAR’s 2019 High-Risk List indicate, even a broadly popular agreement might present risks to Afghanistan’s reconstruction and to its long-term viability as a nation-state.

If large-scale withdrawals of U.S. operational and oversight personnel occur, the stewardship of U.S. taxpayer funds and achievement of reconstruction goals could suffer. If widespread corruption is not adequately addressed, the effectiveness of programs, the perceived legitimacy of the Afghan state, and the willingness of donors to continue their assistance could all suffer. If economic development stalls, accommodating new entrants to the labor force, including returning refugees and former government and insurgent fighters, could prove a daunting task. If women’s rights and progress are not respected, and if the rule of law is not upheld, equitable and effective governance could fail. And if new security arrangements do not provide for fair and effective policing while standing ready to quash any resurgence of terrorism, then all other aspects of reconstruction could ultimately fail.

As discussions progress, members of the U.S. Congress and of executive-branch agencies should consider the “day after” a peace agreement and be on the alert for unexamined assumptions,
overlooked details, unintended consequences, concealed agendas, and other issues that could turn a wished-for peace deal into another conflict.

An opportunity for peace exists. How it is embraced, shaped, and nurtured will determine if Afghanistan is to avoid further decades of conflict that might result in it once again becoming a danger to the international community. As Congress considers ways to reduce or avert these dangers, we at SIGAR stand ready to assist in any way we can.

Thank you for the opportunity to testify today. I look forward to answering your questions.