The State Department is withholding $160 million from Afghanistan, citing corruption and lack of transparency in Kabul over how the funds are used.

Citing "Afghan Government corruption and financial mismanagement," the State Department said in a statement on Wednesday that it would return $100 million to the Treasury that was slated for a "large energy infrastructure project."

It will also withhold $60 million in planned assistance over Kabul's "failure to meet benchmarks for transparency and accountability" and cease funding the Afghan government's Monitoring and Evaluation Committee, which develops and oversees anti-corruption efforts.

"Afghan government institutions and leaders must be transparent and accountable to the Afghan people. We stand against those who exploit their positions of power and influence to deprive the Afghan people of the benefits of foreign assistance and a more prosperous future," the State Department said. "American taxpayers and the Afghan people can count on the United States to act when we see assistance funds misused."

The move comes a day after John Bass, the U.S. ambassador to Afghanistan, panned the country's National Procurement Authority for not approving fuel purchases for thermal electricity.

"Hearing reports the National Procurement Authority won't authorize fuel purchases for the power plant providing the only electricity in Kabul – even while the U.S. & @ResoluteSupport help #Afghan security forces enable repairs to power transmission lines. Could this be true?" he tweeted.

Kabul residents have accused the NPA of ignoring their needs for energy amid widespread power outages in some parts of the city, according to Reuters.

The move also comes at a critical time in Afghanistan. The country is slated to hold a presidential election in just over a week, with Secretary of State saying the U.S. will still do everything it can to support the process.

"We want free and fair elections. We're going to do everything we can to support them, and we need every actor in the region — every leader, every citizen in Afghanistan — to work towards that end. ... That's been our mission there for quite some time," he told reporters Thursday.

There has also been a rise in violence in recent weeks after peace talks between the Taliban and U.S. collapsed.