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**U.S. Agency for International Development**

**Statement of**

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**Afghanistan, Part 1: Review by the Inspectors General”**

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Good morning, Chairman Comer, Ranking Member Raskin, and distinguished members of the Committee. I appreciate the opportunity to appear before you today to discuss the United States Agency for International Development (USAID) Office of Inspector General’s (OIG) past, current, and planned work overseeing USAID’s programming in Afghanistan. I will also share lessons learned from decades of our Afghanistan-related oversight that can inform current decision-making and administration of USAID programming in future complex emergencies.

Before I begin, I want to recognize the significant contributions of our six Afghan Foreign Service National staff who were integral to the audit and investigative work I will discuss today. Thankfully, they are now resettled in the United States. These individuals, like so many others, experienced great loss and endured significant hardship in their sudden departure from Afghanistan. I also want to recognize the many USAID OIG employees who worked to support relocated Afghans and made generous donations to our Afghan OIG colleagues who needed basic household goods and necessities as they resettled in America.

I would like to acknowledge our partnership on Afghanistan-related oversight with my Inspector General (IG) counterparts testifying alongside me today: IG Storch from the Department of Defense (DoD); IG Sopko, the Special IG for Afghanistan Reconstruction (SIGAR); and Deputy IG Shaw from the Department of State (State). Comprehensive oversight of the United States’ multi-agency response to the decades-long conflict in Afghanistan was not done in silos. It required, and still requires, close planning, coordination, and collaboration across the oversight community. In joining forces as necessary and avoiding duplication of effort, we ensure that policymakers receive the recommendations they need and hold bad actors targeting U.S. programming in Afghanistan accountable.

Coordination on Afghanistan oversight between the 3 IGs, SIGAR, and other agencies began in 2007 under the auspices of the Southwest Asia Joint Planning Group. In 2015, the IGs of USAID, DoD, and State began to plan and conduct joint oversight of Operation Freedom Sentinel under the Lead IG framework for oversight of overseas contingency operations, as mandated by Congress under the Inspector General Act. Together, our 3 offices have issued 31 quarterly reports related to Operation Freedom’s Sentinel and Operation Enduring Sentinel, which discuss planned, ongoing, and completed

oversight work conducted during the reporting period. These reports are published on our [website](#), and we routinely provide briefings to congressional staff following their issuance. Our agencies' successful coordination under the Lead IG framework formed the model for our coordinated oversight of assistance to Ukraine.

## **Our Independent Oversight of USAID's Afghanistan Response**

Between 2001 and 2021, USAID invested \$24 billion in Afghanistan for critical programs and services such as humanitarian assistance, infrastructure, health and nutrition, education, democracy and governance, and agriculture. This significant and sustained level of investment required a proportionate level of independent oversight, which we began shortly after programming was initiated in 2001. In 2010, we established a suboffice in Kabul to conduct our audit and investigative work, which was staffed by direct hire auditors and investigators, as well as Afghans hired as Foreign Service Nationals. Since 2003, we have issued over 300 reports related to Afghanistan, covering awards valued at close to \$6.4 billion. This work resulted in nearly 800 recommendations to strengthen U.S. foreign assistance and identified almost \$373 million in questioned costs. In response to our recommendations, USAID officials addressed inefficient or ineffective management and program practices as well as failures to comply with standards or requirements.

Similarly, our investigative work in the most challenging of environments helped ensure the integrity of USAID's massive investment in Afghanistan programming. Our case work led to criminal prosecutions, civil False Claims Act settlements, and suspensions and debarments of 64 companies and individuals whose conduct compromised USAID programs. Since 2008—the year we established a comprehensive system for tracking investigative outcomes—our investigative efforts in Afghanistan have produced approximately \$700 million in investigative recoveries and savings. These efforts safeguarded U.S. funds and sent a clear message: there is zero tolerance for fraud, corruption, and abuse.

Our comprehensive body of Afghanistan work provides vital lessons that can inform USAID's responses to complex emergencies. For example, as USAID ramped up its programming in Ukraine following Russia's unprovoked invasion in February 2022, we issued an advisory to Administrator Power entitled "Key Considerations to Inform USAID's Response in Ukraine." This advisory drew on our previous oversight of USAID programming in Afghanistan and other complex emergencies to inform USAID of present challenges and risks to programming in Ukraine. We issued a similar advisory in 2021 to inform USAID's programming in the Northern Triangle of Central America. The lessons learned from our many years providing oversight of USAID funding in Afghanistan are captured below.

### **Lessons Learned**

#### ***Programming in Complex Emergencies Requires Effective and Adaptable Monitoring and Evaluation Mechanisms***

Our oversight of USAID's Afghanistan programming underscores that ongoing, systemic, and effective monitoring of programming activities is essential in complex emergencies. It is critical for USAID to establish metrics for success and monitor and evaluate whether programs are meeting those metrics, limiting fraud and diversion, and protecting vulnerable beneficiaries.

Our 2015 performance audit of Afghanistan programming found troubling weaknesses in USAID's monitoring and evaluation. In response to caps on the number of Agency employees who could directly observe program activities in the field, USAID created a multitiered monitoring system including contractors, U.S. Government staff, nongovernmental organizations (NGOs) and civil society organizations.

We found that this multitiered system did not produce the intended level of oversight because USAID did not provide guidance to help determine: (1) the level of monitoring necessary to constitute sufficient oversight; and (2) the proper mix of data derived from each of the tiers to conclude whether the oversight was effective. We determined that out of 127 awards for project activities, only 1 award used the monitoring system as intended.

We recommended that USAID implement standards for what constitutes effective, sufficient program oversight. We also recommended that USAID implement a strategy to continue effective monitoring of projects in advance of potential staffing reductions and travel restrictions. A subsequent performance [audit](#) found that USAID's downsizing of its presence in Afghanistan in 2019, per a directive by the Secretary of State, resulted in a 39 percent reduction in staff managing projects, verifying third-party monitoring, and engaging with local stakeholders. We determined that USAID lacked a comprehensive risk management process to assess the impact of staff realignment on operations and programs and did not consult Agency experts. We recommended that USAID, in environments subject to potentially abrupt staff reductions, identify programs that it would retain, reduce, or eliminate, outlining risks to their sustainability, plans to address those risks, and the optimal number and type of staffing needed to oversee remaining programs. This recommendation holds true today.

### ***Adequate Tracking and Reporting Is Essential to Determining Whether Programs Are Meeting Their Intended Purpose***

Our work in Afghanistan revealed the need for USAID to establish and maintain effective data collection and reporting to determine whether programs are operating as intended and achieving goals.

In 2017, we audited whether USAID adopted effective and consistent practices to ensure that activities implemented through The World Bank's Afghanistan Reconstruction Trust Fund (ARTF) contributed to development objectives. ARTF funding provided direct budget support to the government of Afghanistan for reconstruction and development. We found that USAID had not defined, measured, or linked ARTF performance results to its development objectives. This limited USAID's ability to assess progress in meeting objectives, identify and examine performance trends, and establish expectations for succeeding years. USAID did not have policies and procedures for verifying that payments to ARTF were used for their intended purposes, thereby increasing the risk of funds being disbursed without prudent safeguards. For example, USAID made ad hoc payments totaling \$3.6 million to cover certain salaries and information technology equipment without a mechanism to verify that the Afghan Government used the funds as intended.

USAID's agreement with The World Bank stipulated that any donor may review or evaluate activities financed by ARTF. However, unlike ARTF's other top donors—which regularly assessed the performance of activities across the ARTF portfolio—USAID had not formally evaluated ARTF activities.

Similarly, a [2019 audit](#) found that in USAID's New Development Partnership Programming (NDP) designed to help Afghanistan move toward self-reliance by providing cash incentives for civil reforms, USAID did not adhere to established performance indicators designed to promote reliable measurements of promised reforms undertaken by the Afghan government. The audit found that loosely defined indicator results and inadequate verification procedures unfortunately resulted in NDP funding being used as a mechanism to pass cash from USAID to the Afghan Ministry of Finance.

***Ensuring That Contractors and Grantees Report Allegations of Misconduct Quickly and Transparently Can Mitigate Risks to USAID Programs***

Our work in Afghanistan underscores that typically, large sums of funding from international donors attracts corruption and abuse. Financial fraud, diversion, and sexual exploitation and abuse undermine both U.S. programmatic gains in complex emergencies and the local populations' confidence in their own government. USAID can help maintain confidence in its efforts to provide stability in complex emergencies by tightening controls over its funding, strengthening processes that facilitate reporting of possible criminal activity, and ensuring accountability of Agency partners.

In Afghanistan, our criminal investigators worked closely with law enforcement partners to hold accountable those who sought to steal, divert, or otherwise misuse or abuse USAID's funding. We identified kickback schemes, collusion, contract steering, and conflicts of interest that compromised USAID infrastructure investments through the national utility, Da Afghanistan Breshna Sherkat (DABS). One case led to the criminal [conviction](#) of an executive who submitted a false work history and fraudulent supporting documents in an effort to deceive DABS into believing that his company met the required contract criteria.

We also worked with the Department of Justice (DOJ) to investigate allegations that a prominent Washington-based NGO, the Academy for Educational Development (AED), failed to inform USAID that it discovered defects in its internal controls systems concerning competition in procurements, adherence to contract specifications, and supervision of subcontractors. These defects led to AED billing USAID for substandard work and inflating charges for services and goods. AED [settled](#) with DOJ for more than \$5 million and was suspended by USAID. Another investigation with State OIG found that a Kabul-based contractor failed to maintain necessary records for expenses, disregarded award requirements, and maintained fabricated records of expenditures associated with USAID's product. This resulted in a False Claims Act settlement of \$4.1 million paid to the government.

Our investigative work also prompted USAID to impose stringent accountability on the American University of Afghanistan (AUAF), in which USAID invested \$100 million to support higher education. In July 2018, a joint investigative referral by my office and SIGAR raised serious doubts that AUAF possessed the control and accountability systems necessary to be entrusted with U.S. taxpayer money. The referral documented AUAF's failure to comply with accounting, timekeeping, and recordkeeping standards, as well as issues surrounding key personnel, apparent conflicts of interest, and inadequate board governance. We asked USAID to assess AUAF's present responsibility and whether AUAF should be entrusted with continued receipt of U.S. Government funds. In response to the referral, USAID executed a comprehensive administrative agreement with AUAF, wherein the university acknowledged the need to make improvements in the areas identified by our offices.

Additionally, our office continues to pursue, in conjunction with DOJ, allegations that USAID grant recipients have concealed past relationships with sanctioned parties, including the Taliban, before

receiving new awards. While OFAC licenses allow certain activities in the now Taliban-controlled Afghanistan, investigating allegations involving the diversion of USAID assistance to sanctioned groups continues to be one of my office's top priorities.

Our investigative work has yielded results even following the termination of our presence in Kabul. However, we cannot combat criminal activity affecting U.S. funds on our own. It is imperative that organizations on the ground—UN agencies, contractors, and NGOs—serve as our eyes and ears and report allegations in a timely and transparent manner. It is equally imperative that USAID enforce these obligations amongst those organizations as material to continued funding. Finally, USAID and Congress should continue to demand robust oversight rights in multilateral funding mechanisms. If USAID programs are implemented by the UN or The World Bank, we must have access to relevant records to conduct our oversight work.

### **Our Oversight Work Continues After the U.S. Withdrawal**

Following the U.S. withdrawal of all diplomatic personnel from Afghanistan, my office remains committed to providing timely and impactful oversight of USAID's continued programming in the country. The United States has provided more than \$1.2 billion in humanitarian assistance to the Afghan people since the withdrawal, in addition to nearly \$800 million in development assistance to support critical needs in health, education, and livelihoods. This response requires continued independent oversight to inform our key stakeholders. We are currently evaluating USAID's role in the evacuation and relocation of aid workers from Afghanistan to identify opportunities for improvements in the Agency's preparation for a similar scenario in the future.

Our Asia Regional Office is planning a performance audit to assess USAID's efforts to safeguard its activities in Afghanistan. OIG has reviewed USAID's management of risks to its programming in other nonpermissive environments, but the current situation in Afghanistan is unprecedented; the Taliban is the first entity named a U.S. Specially Designated Global Terrorist to take de facto control of a country. As such, this audit could provide new insights into the effectiveness of USAID's controls to protect its programming and program implementers working in a country controlled by the Taliban.

Our investigators continue to receive and respond to allegations of fraud, corruption, and sexual exploitation and abuse, and we have 4 ongoing criminal cases involving USAID's Afghanistan programs, and another 3 investigations that we are collaborating on with the World Food Programme (WFP) OIG. Just this year, our investigations led to the debarment of five entities for an invoice inflation scheme affecting USAID vocational programming for Afghan women. Shortly after the U.S. withdrawal, we issued a situational alert to the Agency flagging reports that we received of continued Taliban interference in USAID programs. We continue to provide Fraud Awareness Briefings to USAID-funded organizations, aid workers, and UN organizations. In these briefings, our special agents train aid workers and contractors to identify fraud indicators, potential misconduct, and other program vulnerabilities at an early stage, and report allegations directly to OIG. Our special agents and legal counsel also explain the whistleblower protections available under U.S. law to individuals from any country who come forward.

### **Our Partnerships with International Oversight Bodies Expand Our Access to Afghanistan**

While we do not have a presence in Kabul anymore, our continued independent oversight of USAID's Afghanistan response benefits from long-standing partnerships with our oversight counterparts at UN

agencies, The World Bank, and bilateral donors. In 2022, 90 percent of USAID funding for programs in Afghanistan went to public international organizations (including UN agencies); a reversal from the prior year when the amount was only 6 percent. Our relationships with our international oversight counterparts provide a front row seat to what is happening on the ground in Afghanistan and serve as valuable sources of information into potential criminal activity affecting USAID programs. Specifically, these relationships: (1) allow for open and early sharing of information; (2) provide leads and allow for joint work; (3) establish trusted points of contact to verify data and compare findings; and (4) create avenues for navigating access challenges, such as perceived restrictions in sharing information under foreign data privacy laws.

The importance of these relationships cannot be overstated. Recently, our MOU with a major UN entity led to USAID's suspensions and debarments of multiple UN officials who had sexually assaulted or propositioned beneficiaries in the Democratic Republic of Congo. Use of suspension and debarment prevents the worst abusers of international aid programs from harming the people that America's support is designed to help. Although not directly related to our Afghanistan oversight, that investigation set an important precedent and created a tool we can use to ensure accountability for UN employees working on USAID programs in Afghanistan. It also prevents bad actors from recirculating to other USAID-funded programs in Afghanistan and elsewhere.

In November, USAID OIG convened the annual [Complex Emergencies Working Group](#) consisting of 25 bilateral and multilateral organizations as well as our U.S. law enforcement partners, including DOJ. The forum established and reaffirmed contacts needed to investigate allegations of criminal activity in conflict zones like Afghanistan. Just last month, my senior leadership team and I met with Ambassador McCain in Rome to discuss our oversight of USAID assistance to Ukraine implemented through UN organizations, especially the WFP, which she now leads. According to USAID, WFP has received a quarter of all Agency funding. Since the withdrawal, WFP has received over \$804 million in U.S. assistance to support Afghans in need.

In addition, we are active participants in the OIG Afghanistan Project Coordination Group, composed of OIGs from the Departments of Homeland Security, State, Defense, Health and Human Services, Social Security Administration, and the Office of the Director of National Intelligence. Participants notify each other about planned work and exchange information to ensure a coordinated response to continued Afghanistan-related oversight.

## **Conclusion**

As the head of USAID's Office of Inspector General, I can assure Congress and the American people that my office is committed to providing independent, transparent, and timely oversight of USAID's Afghanistan response. Further, I am committed to working closely with IG Sopko, IG Storch, and Deputy IG Shaw to ensure that our collective oversight of the United States' efforts in Afghanistan is timely, impactful, and informative to Congress, the agencies we oversee, and the American people. We will continue to amplify the lessons learned from our oversight of USAID's Afghanistan programming to inform USAID's response in current conflict zones such as Ukraine, and future responses around the world. Thank you for your support of USAID OIG's work. I look forward to your questions and the discussion today.