REBUILDING AFGHANISTAN:
A FIGHT AGAINST CORRUPTION

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I. INTRODUCTION

In late 2001, the United States, supported by close allies, invaded Afghanistan with two main objectives: to destroy the al-Qaeda terrorist force hiding within the country’s borders and the Taliban government which was actively supporting it, and to help the Afghans reconstruct their country and their civil society so as to prevent the country from becoming a future refuge for terrorists. While the United States was very

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much aware of the military difficulties it would encounter, few senior military or civilian leaders realized that pervasive corruption would prove just as difficult an enemy as al-Qaeda and the Taliban, and that it would be a major obstacle to reconstruction in Afghanistan.

By 2009, however, many senior U.S. officials saw systemic corruption as a strategic threat to the mission. Ambassador Ryan Crocker, who re-established U.S. Embassy Kabul soon after 9/11 and again led the embassy from 2011 to 2012, told SIGAR that “the ultimate point of failure for our efforts . . . wasn’t an insurgency. It was the weight of endemic corruption.”

II. EARLY ON, CORRUPTION WAS NOT VIEWED AS A MAJOR THREAT

In the early years of the reconstruction, the Department of Defense (DOD), the Department of State, and the United States Agency for International Development (USAID) did not fully appreciate the potential for corruption to threaten the security and state-building missions in Afghanistan. The top priorities were pursuing al-Qaeda and the Taliban, shepherding a political transition process, and meeting the basic needs of the civilian population. On the theory that “the enemy of my enemy is my friend,” the United States partnered with local warlords and their private militias to pursue its counterterrorism mission. Not surprisingly, when these strongmen and others gained positions of power in the Afghan government, they often engaged in corrupt activities.


3. See id. (“[T]he bargaining power of the warlords was greatly influenced by America’s war on terrorism. Afghans contend that the U.S. aided and abetted the warlords, providing them with funds and weapons while looking the other way when the warlords abuse power.”).

4. See id. (“Moreover, powerful warlords gained important positions in the government and today continue to fuel corruption and undercut the security of the common Afghan person.”).
While the priority was establishing security by fighting al-Qaeda, the Taliban, and other insurgent groups, reconstruction aid to the tune of billions of dollars was poured into the country. The United States failed to recognize that billions of dollars injected into a small, underdeveloped country with limited oversight capabilities, would contribute substantially to the growth of corruption.

The U.S. management imperative to “make progress” by spending money quickly to show results simply added fuel to the fire by ensuring that too much money was spent too soon, before the newly constituted Afghan government had the institutional capabilities to manage it adequately. U.S. agencies also flooded the country with contractors to carry out their reconstruction programs. The enormous surge in contracting activity strained U.S. agency capability to oversee it adequately. The bureaucratic temptation to use money as evidence of commitment and the urge to spend down accounts for fear of losing funds in the next round of appropriations added to the rush of the reconstruction funding stream.

All of these factors increased the opportunities for corruption among Afghans and foreigners alike. The result in Afghanistan was systemic corruption—pervasive and entrenched—affecting the army and police, national and local governments, the courts, banking, and other critical sectors.

5. See Comm’n on Wartime Contracting in Iraq & Afg., Transforming Wartime Contracting: Controlling Costs, Reducing Risks 29 (2011) (“[R]apidly pouring large amounts of money into Afghanistan’s local economy, which has limited absorptive capacity, has contributed to inflation, distorted normal economic activity, and encouraged fraud and corruption.”).


At the same time, DOD, the State Department, and USAID did not place a high priority on anticorruption. This flowed in part from an early, high-level aversion to nation-building—a perspective which was not conducive to long-term investments in oversight and accountability. The lack of attention to corruption also flowed from the overwhelming focus on security, political stability, and rebuilding. These goals largely took precedence over building good governance and the rule of law.

By 2005, some U.S. officials were alarmed by the worsening corruption, yet SIGAR observed their concerns did not translate into coherent, sustained action. Meanwhile, Afghan government efforts to fight corruption were half-hearted. The dilemma was that combating corruption required the cooperation and political will of Afghan elites whose power relied on the very networks that anticorruption efforts sought to dismantle.

III. INCREASING CORRUPTION BECAME HARD TO IGNORE

Eight years into the reconstruction effort, however, innovative efforts by the Afghan Threat Finance Cell (ATFC) to track and stop terrorist financing revealed an interdependent web of connections between corrupt Afghan officials,
criminals, drug traffickers, and insurgents. U.S. civilian and military leaders became increasingly concerned that corruption was fueling the insurgency by supporting insurgent groups and stoking grievances that increased popular support for these groups. There was also recognition that the United States was contributing to corruption through its partnerships with malign powerbrokers and its limited oversight of its contracts.

In response, anticorruption became a key element of U.S. efforts in Afghanistan. The United States created or supported several U.S. and Afghan organizations to tackle the problem, including the Combined Joint Interagency Task Force Shafafiyat, Task Force 2010, and the Afghan government’s Major Crimes Task Force (MCTF). These new organizations helped the United States better understand corrupt networks, prevent U.S. money from funding the enemy, and build Afghan institutional capacity to fight corruption.

This surge in awareness and activity came up against the reality of entrenched criminal patronage networks that involved high-level Afghan officials. Two major events in 2010—the arrest on corruption charges and subsequent release of an aide to President Hamid Karzai, and the near-collapse of Kabul Bank due to massive fraud by politically-connected bank shareholders—demonstrated both the extent of corruption and the weakness of Afghan political will to stop it.

A. The Arrest and Release of Mohammed Zia Salehi

In January 2010, Afghan investigators raided the offices of the New Ansari Money Exchange ("New Ansari"), a money transfer firm (hawala) that moved money into and out of Af-

ghanistan. New Ansari was suspected of moving billions of dollars out of Afghanistan for Afghan government officials, drug traffickers, and insurgents. Investigators estimated that as much as $2.78 billion was taken out of Afghanistan by New Ansari couriers from 2007 to 2010. U.S. law enforcement and intelligence personnel worked closely with the Afghan MCTF and the Sensitive Investigations Unit (SIU) on the case. In the course of the investigation, a wiretap recorded an aide to Karzai, Mohammad Zia Salehi, soliciting a bribe in exchange for obstructing the investigation into New Ansari. Reportedly, after U.S. officials played some of the wiretaps to an advisor to Karzai, the advisor approved Salehi’s arrest.

In late July 2010, the MCTF arrested Salehi. Within hours of the arrest, President Karzai ordered Salehi’s release, and the case was eventually dropped. Karzai quickly moved to exert more control over Afghan anticorruption units, in-

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16. Id. at 140-42.

17. Id. at 140-42.
cluding restricting the work of U.S. and European officials who served as mentors.\textsuperscript{19}

The \textit{New York Times} reported that Salehi, who had once worked for the notorious warlord Rashid Dostum, was “being paid by the Central Intelligence Agency, according to Afghan and American officials.”\textsuperscript{20} If true, this would mean that the CIA was paying Salehi as an intelligence asset at the same time that U.S. law enforcement agencies were pursuing a major corruption case against him.

Barnett Rubin, an Afghanistan expert and former senior advisor to Special Representative for Afghanistan and Pakistan Richard Holbrooke, noted that in making such payments for information and collaboration, the CIA was carrying out the mission to defeat al-Qaeda.\textsuperscript{21} Rubin also acknowledged, however, that under Afghan law, these payments constituted illegal corruption.\textsuperscript{22} He wrote in \textit{The New Yorker}, “[o]ne part of U.S. policy corrupted Afghan officials while other parts tried to investigate and root out corruption. Given the interest that defined the mission, concerns about corruption did not trump those of covert action.”\textsuperscript{23}

According to former U.S. officials, the Salehi incident had a chilling effect on U.S. efforts to prosecute serious corruption cases.\textsuperscript{24} The ATFC had worked on the Salehi case as a “test case” for prosecuting high-level corruption.\textsuperscript{25} When the case was killed, this demonstrated to U.S. officials not only that Afghan political commitment to fight corruption was absent, but also that the political elite were willing to powerfully resist the U.S. push for accountability. Indeed, the Karzai administration reduced the authority of the MCTF and the Anticorruption


\textsuperscript{20} Filkins & Mazzetti, \textit{supra} note 14.


\textsuperscript{22} Id.

\textsuperscript{23} Id.

\textsuperscript{24} See Interview by Jim Wasserstrom, Kate Bateman & Brittany Gates with Gert Berthold, Forensic Operations Program Manager, Task Force 2010, in Washington, D.C. (Oct. 6, 2015) (“[T]he interest and enthusiasm seemed to be lost after Salehi.”).

\textsuperscript{25} CHAYES, \textit{supra} note 16, at 141.
Unit within the Afghan Attorney General’s Office, and the Afghan Attorney General’s Office routinely declined offers from the U.S. Department of Justice to train prosecutors in the Anticorruption Unit.26

B. The Near-Collapse of Kabul Bank

In July 2010, a second, much larger crisis began to unfold. Sherkhan Farnood was the chairman of Kabul Bank—Afghanistan’s largest private bank at that time—and a major financier of Karzai’s presidential campaign. Farnood confided in the ATFC that the bank was in serious financial trouble.27 There were two rival factions in the bank struggling for control; Farnood led one faction, while CEO Khalilullah Ferozi led the other.28 President Karzai’s brother, Mahmoud Karzai, and First Vice President Fahim’s brother, Haji Hasen, sided with Ferozi.29 Farnood began cooperating with U.S. officials, likely seeking an edge over the rival group.30

Farnood admitted the bank operated as a massive pyramid scheme: hundreds of millions of dollars had been fraudulently lent to fictitious companies, with no loan ever paid off.31 These hundreds of millions benefitted politically-connected Afghan shareholders. Meanwhile, U.S. government funds for the salaries of the Afghan National Army (ANA) and the Af-


28. Meyer E-mail, supra note 27.

29. Id.

30. Id. (“Sherkan Farnood started cooperation with the ATFC because there were two rival factions in the bank that were struggling to maintain control and he hoped that if he revealed the scheme first we’d protect him. Farnoon led one faction and Ferozi the other.”).

ghan National Police (ANP) regularly moved through the bank. The bank used those funds whenever it had inadequate reserves to cover customer withdrawals. This practice masked the fact that its reserves were constantly diminishing, while ordinary Afghan citizens’ deposits were used to fund the fraudulent loans. Two of the principal beneficiaries of the fraudulent loans were Mahmoud Karzai and Haseen Fahim. In September 2010, Kabul Bank nearly collapsed as publicity around the bank’s insolvency led to a panic among its depositors, and as much as $180 million was withdrawn.

Ultimately, the extent of the theft was estimated to be roughly $982 million. The international community, including the United States, pushed the Afghan government to respond by prosecuting those responsible. Equally shocking to the donor nations was the fact that the Afghan government, under the Karzai administration, repeatedly failed to take meaningful steps to recover assets and hold accountable the bank executives and shareholders who were responsible for this massive theft, but who were politically connected at the highest levels.

IV. CORRUPTION FINALLY RECOGNIZED AS A SERIOUS THREAT

Owing to the high visibility of the Salehi case and the Kabul Bank scandal, as well as the shocking disregard shown by the Karzai administration, from 2010 onward, U.S. agencies saw corruption as a serious threat to the mission in Afghanistan. The United States supported Afghan institutional reform and capacity-building, pressed for judicial action and better fi-
Financial oversight, began to impose limited conditions on aid, and attempted to strengthen civil society organizations and the Afghan news media. U.S. agencies also adopted improved processes for vetting contractors and prevented at least some U.S. funds from reaching insurgent groups via corruption. While these efforts had some success, they were not unified by an overarching strategy.

At the same time, the United States was pursuing other high-level goals, including the transition of security responsibility from the United States and its allies to Afghan forces, a strategic partnership agreement (SPA) and a bilateral security agreement (BSA) with the Afghan government, and political reconciliation with the Taliban. U.S. officials had to make difficult judgment calls between investing political capital to press the Afghan government on corruption, and trying to maintain access to the Karzai administration to move other important priorities forward. Often, policymakers perceived tradeoffs between fighting corruption and making progress on these other goals.

Although the lack of Afghan cooperation on anticorruption stymied many U.S. efforts, the United States could have more aggressively brought pressure to bear on the Afghan government and politically connected individuals. The United States generally failed to use more aggressive tools such as revoking visas, placing strict conditions on aid, and prosecuting corrupt Afghan officials with dual U.S. citizenship.

It is impossible to know whether such steps might have generated more Afghan political commitment to address cor-


ruption, or whether they would have reduced Afghan cooperation on other U.S. objectives. What we do know is that the Taliban continues to pose a security threat, corruption remains a source of profound frustration among the Afghan population, and the National Unity Government has struggled to make headway against this insidious problem.

V. So, What Can We Do?

Recent history indicates that the United States will continue to be drawn into overseas contingency operations—whether in a conflict setting like Afghanistan or in a non-combat contingency like the response to Haiti’s devastating 2010 earthquake. Therefore, we need to know what we can do to improve execution and outcomes when facing the corruption threat in the future. SIGAR’s recent study of corruption in Afghanistan, Corruption in Conflict: Lessons From the U.S. Experience in Afghanistan, includes a detailed analysis of corruption and its effects, and makes a number of recommendations.42 Beyond these recommendations, there are six important actions that SIGAR believes should be incorporated into current and future overseas contingency operations.

A. Adopt a Strategy that Addresses Corruption

The United States and its allies must recognize that corruption is a threat to security, reconstruction, and stability on par with the threat posed by insurgent groups, such as al-Qaeda and the Taliban, and have a strategy to address it.

While recognizing the short timelines imposed by U.S. domestic political realities, policymakers must acknowledge the likelihood of an extended engagement and therefore place greater priority on long-term governance objectives. In Afghanistan, the United States repeatedly allowed short-term counterterrorism and political stability priorities to trump strong anticorruption efforts.43 Policymakers tended to believe that confronting the corruption problem—for instance, by

42. SPECIAL INSPECTOR GEN. FOR AFG. RECONSTRUCTION, CORRUPTION IN CONFLICT: LESSONS FROM THE U.S. EXPERIENCE IN AFGHANISTAN (2016).

43. See Rubin, supra note 21 (“The intervention in Afghanistan was a counter-terrorist investigation. That, not analytical errors or bureaucratic politics, is why some U.S. policies proved to be obstacles to peace and stability.”).
taking a hard stand against corrupt acts by high-level officials—would impose unaffordable costs on the United States’ ability to achieve security and political goals.44

We now know this was a false choice. In fact, corruption grew so pervasive that it ultimately threatened the security and reconstruction mission in Afghanistan. In 2009, U.S. officials became increasingly concerned about corruption and began to mount a more energetic response.45 That response, however, ran up against deeply entrenched, corrupt networks, and an Afghan government resistant to meaningful reform—as illustrated by the Salehi arrest and release, and the Kabul Bank crisis. Both events demonstrated the vast scale of corruption and the lack of Afghan political commitment to address it.

The U.S. reaction was to soften its own political commitment to fighting corruption. U.S. officials spoke out strongly against corruption and consistently pressed the Afghan government for reforms, but applied the greatest diplomatic leverage to achieve security or stability priorities, such as concluding a BSA and managing the security transition, rather than imposing stiff sanctions on corrupt actors.46 Moreover, SIGAR interviews and contemporaneous press reports revealed that not all U.S. agencies shared the same objectives with regard to fighting corruption, specifically alleging that the CIA maintained relationships with some corrupt individuals as assets, while other agencies sought to investigate and prosecute those

44. SIGAR interviewed former State Department and Treasury Department officials who provided this information under condition that they not be identified, and is therefore prohibited from identifying these sources. Inspector General Act of 1978, Pub. L. No. 95-452, 92 Stat. 1101 (codified as amended at 5 U.S.C. app. § 7(b) (2017)).
46. See Afghanistan 2014: Year of Transition: Hearing Before the H. Comm. on Foreign Affairs, 113th Cong. 4-14 (2013) (statement of Hon. James F. Dobbins, Special Rep. for Afghanistan and Pakistan, U.S. Dep’t of State) (devoting multiple paragraphs to challenges in concluding the Bilateral Security Agreement, but mentioning issues of corruption only in passing); see also SPECIAL INSPECTOR GEN. FOR AFG. RECONSTRUCTION, QUARTERLY REPORT TO THE UNITED STATES CONGRESS 4, 10-11 (Jan. 30, 2014) (noting the severity of corruption in Afghanistan, but also that more than half of all U.S. reconstruction funds went to security objectives in Afghanistan).
same individuals.\textsuperscript{47} This lack of coherence in the overall U.S. approach to corruption undermined U.S. efforts to fight it.

These shortcomings can be most effectively addressed by adopting a strategy that places corruption on equal footing with security. Policymakers and planners must understand at the doctrinal level that anticorruption is an essential element of security and development. All U.S. strategies and plans should incorporate anticorruption objectives into security and stability goals, rather than viewing anticorruption as imposing tradeoffs on those goals.

B. Provide for Independent Oversight

By the end of 2017, Congress had appropriated approximately $122 billion for the reconstruction of Afghanistan\textsuperscript{48} and the United States and its allies have committed to increasing that by over $4 billion annually through 2024.\textsuperscript{49} To put that in perspective, adjusted for inflation, the U.S. has already spent more money on rebuilding Afghanistan than was spent under the Marshall Plan to rebuild all the countries of Europe combined.\textsuperscript{50} In 2017, Afghanistan was by far the largest single recipient of U.S. foreign aid.\textsuperscript{51}

With this kind of money at stake, it is critical to provide for an independent entity that is not beholden to any single

\textsuperscript{47.} See Filkins & Mazzetti, supra note 14 (reporting that Salehi was being paid by the CIA, while other American officials simultaneously urged Karzai to root out corruption within his government); Rubin, supra note 21 ("[The CIA] was carrying out the mission that the President assigned to it . . . which involved paying Afghan officials for information or collaboration, even though, from the standpoint of Afghan law, those payments constituted illegal corruption. One part of U.S. policy corrupted Afghan officials while other parts tried to investigate and root out corruption."); Interview with Berthold, supra note 24 (recounting that on matters related to the Karzai family, the anti-corruption Task Force was told to stand down).

\textsuperscript{48.} SPECIAL INSPECTOR GEN. FOR AFG. RECONSTRUCTION, QUARTERLY REPORT TO THE UNITED STATES CONGRESS 61 (Jan. 30, 2018) [hereinafter Jan. 2018 SIGAR REPORT].

\textsuperscript{49.} Press Communiqué, Chicago Summit Declaration on Afghanistan (May 21, 2012); see also Security and Defense Cooperation Agreement, U.S.—Afghanistan, art. 4.3, art. 26.1, Jan. 1, 2015.

\textsuperscript{50.} SPECIAL INSPECTOR GEN. FOR AFG. RECONSTRUCTION, QUARTERLY REPORT TO THE UNITED STATES CONGRESS 4-5 (July 30, 2014) [hereinafter July 2014 SIGAR REPORT].

government agency and has jurisdiction to review all reconstruction programs, activities, and trends across all agencies. Congress recognized this when it created SIGAR toward the end of 2008.52

SIGAR’s work focuses exclusively on reconstruction programs in Afghanistan. The authorizing statute confers on SIGAR jurisdiction over “the programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.”53 In other words, SIGAR’s authorizing statute confers on it whole-of-government audit and investigative authority, and its jurisdiction hinges on the use of the funds, not the source of the funds or which agency is using them.

Crucially, SIGAR is wholly independent.54 It is one of only two of the 73 federal inspector generals’ offices that is not part of any federal department or agency. A core component of SIGAR’s mission 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.”55 SIGAR files its reports with Congress and the Secretaries of Defense and State, but is answerable only to the President and Congress.56 To help ensure this independence, SIGAR’s authorizing statute provides that DOD, the

53. Id. § 1229(a). The statute defines “amounts appropriated or otherwise made available for the reconstruction of Afghanistan” to include funding for the Afghanistan Security Forces Fund, the Commanders’ Emergency Response Program, the Economic Support Fund, the International Narcotics Control and Law Enforcement account, and “any other provision of law.” Id. § 1229(m).
54. See Id. § 1229(a)–(b) (stating the section’s purpose to provide independent and objective audits and investigations, and leadership and coordination of policy recommendations related to funds spent on the reconstruction of Afghanistan; Id. § 1229(e)(2) (establishing SIGAR’s independence to conduct investigations and audits).
55. Id. § 1229(a).
56. The Special Inspector General may be removed by the President. See id. § 1229(c)(6) (providing that the Special Inspector General is removable in accordance with the Inspector General Act of 1978); Inspector General Act of 1978, Pub. L. No. 95-452, 92 Stat. 1101 (codified as amended at 5 U.S.C. app. § 3(b) (2017)) (“An Inspector General may be removed from
State Department, and USAID may not prevent SIGAR from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any such audit or investigation.\textsuperscript{57} The statute also requires the agencies cooperate with SIGAR and provide such information as SIGAR may request.\textsuperscript{58} It is SIGAR’s experience that this statutory independence is crucial to carrying out effective oversight.

C. Conduct Oversight in the Conflict Zone

Writing reports or making policy pronouncements from the safety of Washington is not sufficient. There is simply no substitute for being in country, conducting investigations, performing audits, inspecting facilities, and meeting with U.S. military, diplomats, and foreign counterparts to gather candid personal insights and unsanitized information, to review documents and conduct field inspections, and to follow-up on leads. One of SIGAR’s strengths is its ability to maintain continuity of staff in theater while performing a mission that cuts across the entirety of the U.S. government’s involvement in Afghanistan.

As of late 2016, SIGAR had the largest oversight presence in country, with more oversight staff based in Afghanistan than DOD, the State Department, and USAID combined—including the largest U.S. law enforcement contingent in Afghanistan, with over 30 auditors, investigators, engineers, and inspectors stationed there permanently.\textsuperscript{59} SIGAR’s deployed staff are further augmented by auditors and investigators from SIGAR’s headquarters in Arlington, Virginia, who frequently travel to Afghanistan on two-to-eight-week temporary assignments.

To further the longevity of institutional knowledge— which is so often lost with the high turnover rate of DOD, the State Department, and USAID personnel, who typically deploy office by the President.”). In addition, SIGAR is required by statute to submit quarterly reports to Congress. See id. § 1229(i).

\textsuperscript{57} National Defense Authorization Act § 1229(e)(2).

\textsuperscript{58} Id. § 1229(h)(5)(A).

\textsuperscript{59} U.S.Gov’t Accountability Off., GAO-18-6, Inspectors General: Documented Agreement of Certain Roles and Responsibilities Could Further Enhance Coordination in Afghanistan 7 (2017).
for one year or less—most of SIGAR’s deployed staff serve at least two years, but average three years, in country. SIGAR’s persistent presence in Afghanistan, as well as regular travel by SIGAR employees based in the United States, also has the benefit of creating a culture within the agency that underscores the importance of SIGAR’s work.

The continuity of staff stationed in country and SIGAR’s ability to keep the same personnel on task for extended periods is particularly important with respect to Afghanistan’s relationship-based culture. SIGAR staff are routinely in touch with hundreds of key Afghan and international officials, and are, in turn, known and trusted interlocutors. SIGAR has become a stabilizing force in regular meetings with Afghan ministers, directors, civil society leaders, and senior staff from NATO and Resolute Support, while representatives from DOD, the State Department, and USAID rotate in and out.

SIGAR has also been recognized by the Afghan government as having an important role in fighting corruption.\(^{60}\) In keeping abreast of the most relevant and emerging issues, SIGAR is the only foreign civilian entity invited by President Ghani to attend the weekly meetings of the Afghan National Procurement Commission, personally chaired by President Ghani, as well as all meetings of the Afghan High Council on Rule of Law and Anti-Corruption, and is able to keep in daily contact with Combined Security Transition Command-Afghanistan (CSTC-A) and other senior NATO and Resolute Support officials.

D. **Adopt Innovative Methods to Oversee Reconstruction**

The fact that SIGAR is a temporary organization with only a short timeframe dictates an approach that is not simply business as usual. Recognizing that, SIGAR has adopted a number of innovative approaches to conducting oversight in Afghanistan.

**SPECIAL PROJECTS:** SIGAR created an Office of Special Projects to provide short-term preliminary reports, inquiries, and alerts on important issues that appear to need immediate attention. Audits and investigations of fraud and other poten-

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60. SPECIAL INSPECTOR GEN. FOR AFG. RECONSTRUCTION, QUARTERLY REPORT TO THE UNITED STATES CONGRESS 5 (Jan. 30, 2017).
tial crimes are essential inspector general functions, but they take time—audits often take at least six months or more, require very detailed work, and frequently occur after the fact. A recurring concern of program managers and commanders in the field is that by the time an auditor produces a report, the program or project is either over or close to it. Instead, mechanisms are needed that allow problems to be corrected in real time. The Office of Special Projects was created to fill this gap. One of the first special projects was a report on the failure of contractors to install culvert denial systems to prevent or deter the planting of improvised explosive devices under certain roads. SIGAR alerted the Secretary of Defense to this problem and DOD took immediate corrective action. In addition, charges were brought against Afghan contractors involved in the fraud. This particular special project also resulted in SIGAR’s “Fraud Can Kill” campaign, encouraging people to report wrongdoing to the SIGAR hotline.

BANK ASSET SEIZURE: In an innovative attempt to fight corruption in Afghanistan, SIGAR initiated the first-ever attempt to seize assets held in an Afghan bank account owned by a corrupt Afghan contractor. This contractor had allegedly defrauded the United States of more than $70 million by obtaining trucking contracts to deliver U.S. military supplies through a combination of bribery, kickbacks, and bid rigging. Working with the Justice Department, SIGAR obtained a court order from the U.S. District Court for the District of Columbia to seize the assets held in the contractor’s Afghan bank accounts. However, by the time the warrant was executed by the Afghan attorney general, the bulk of the assets had been transferred to banks in Dubai and elsewhere. SIGAR then tracked down the money and served seizure warrants on several major correspondent banks in New York, recovering

61. SPECIAL INSPECTOR GEN. FOR AFG. RECONSTRUCTION, SIGAR SP-13-8, IMPROVISED EXPLOSIVE DEVICES: UNCLEAR WHETHER CULVERT DENIAL SYSTEMS TO PROTECT TROOPS ARE FUNCTIONING OR WERE EVER INSTALLED (July 2013).
62. These cases are still being prosecuted in Afghanistan. Currently, there is no public record pertaining to these cases.
64. Id.
more than $10 million and freezing another $50 million pending seizure.65 No law enforcement agency had ever tried this before in Afghanistan.

**Financial Audits by Outside Contracting Firms:** SIGAR has extended its auditing reach by contracting with international auditing firms to conduct financial audits of reconstruction contractors. Not only does this make efficient use of resources, but contracting out these relatively routine but important financial audits frees up SIGAR auditors to conduct much more complex program audits, in which larger amounts of taxpayer dollars are involved.

**Suspension and Debarment of Contractors:** SIGAR has implemented a very aggressive suspension and debarment program. Although SIGAR does not have direct authority to suspend or debar contractors from receiving government contracts, it can and does refer bad actors and poor performers to DOD for suspension and debarment. Many of these have been Afghan contractors that were found to be actively supporting terrorist groups. This highlights the fact that corruption often helps finance the insurgency. By the end of 2017, SIGAR had referred 883 cases to DOD or other federal agencies for suspension or debarment, comprised of 490 individuals and 393 companies.66

**Remote Monitoring Program:** Carrying out oversight work in Afghanistan is extraordinarily difficult. The terrain and next-to-nonexistent transportation infrastructure is part of the problem, but the continuing violence is the dominant challenge. The 90-percent drawdown of U.S. forces in country since 2011 and the increased reach of the Taliban and other insurgents have made travel both more difficult and more dangerous.67 Many U.S. staff there are essentially confined to the U.S. embassy compound for their entire tour of duty. Getting around to visit Afghan ministries or project sites requires chief-of-mission authorization for civilians on a case-by-case and day-

65. Id.
to-day basis, and when staff are permitted to leave the embassy grounds, they must be accompanied by armed guards.

To mitigate such difficulties, SIGAR has augmented its resources with satellite imagery, retained the services of Afghan nongovernmental organizations, and hired Afghan nationals who can travel at less personal risk than obvious foreigners. Meanwhile, SIGAR investigators have adapted to working in a conflict zone by regularly interacting with U.S. military and civilian officials and contractors, Afghan government and civil society organizations, other donor countries, the UN, Interpol, and NATO, to develop and maintain ongoing, intimate knowledge of Afghan and donor nations’ personnel and activities on the ground.

E. Recognize the Need for a Willing Partner

During the Karzai era, attempts to push for investigation and prosecution of corruption cases involving high ranking government officials or other powerful people was met by, in the words of one official at the time, “constantly stalling, and stalling, and stalling.”68 If the target of the investigation was particularly influential, a call from “the Palace” to Afghan officials would bring prosecutions to a halt.69 The two most prominent examples of this were the Salehi arrest and the Kabul Bank case, discussed above. Another example occurred in 2013 when SIGAR persuaded the Afghan Attorney General’s Office to freeze the assets of an Afghan contractor, only to learn a few days later that the assets had been quietly unfrozen following a call from “the Palace.”

After the constant difficulties in combating corruption under the Karzai administration, as evidenced by the Salehi arrest and the Kabul Bank scandal, the United States was not overly optimistic that tackling the tough issue of corruption would be possible under President Ghani. Fortunately, the current government has generally been a more willing partner. One early test came when SIGAR was tipped off to a bid-rigging scheme on a $1 billion fuel contract for the Afghan

68. Filkins & Mazzetti, supra note 14.
69. See Rosenberg, supra note 18 (recounting how in 2010 Karzai intervened to secure the release of a key aide hours after the aide was arrested for taking bribes).
security forces that was to be paid for with U.S. funds. SIGAR brought its investigative findings to newly-elected President Ghani, who immediately cancelled the contract, fired those involved, and re-bid the contract—and in the process, the U.S. taxpayers saved about $200 million. President Ghani subsequently established the National Procurement Commission, where he personally reviews every major contract and whose meetings SIGAR is invited to attend as the only U.S. civilian observer.

In a more recent example, SIGAR investigators learned in August 2016 of possible bid rigging and collusion involving Major General Abdul Wase Raoufi, who chaired the Fuel Evaluation Committee for the Afghan Ministry of Interior (MOI). Working with the MCTF and the Afghan Attorney General’s Office, SIGAR investigators found that Major General Raoufi had collected approximately $100,000 to $150,000 from each qualified bidding vendor for MOI fuel contracts. The investigation culminated in a sting operation in which Raoufi was paid $150,000 by an undercover MCTF officer for the award of an MOI fuel contract and arrested on the spot. Raoufi was found guilty at trial at the Afghan Anti-Corruption Justice Center and was sentenced to 14 years in jail and a $150,000 fine.

These successes are promising, but there will be many more such tests in the future. With international technical and financial support, there have been increased efforts to hold high-level Afghan officials to account. SIGAR has supported many of these efforts, including the creation of the sequestered Anti-Corruption Justice Center, which focuses on prosecuting corrupt senior Afghan officials.

F. Protect On-Budget Assistance

One important aspect in the administration of development aid that has not received enough attention is the protec-

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71. Id. at 5.
72. Id.
73. Id. at 44.
74. Id.
75. Id.
tion of on-budget assistance. In the parlance of American foreign aid, “on-budget assistance” is funding given directly to the Afghan government so that it may administer the assistance itself.76 “Off-budget assistance” is, in contrast, assistance provided and administered by the United States and other donor countries through contracts, cooperative agreements, grants, and other aid that remains outside the Afghan budget and beyond the reach of Afghan officials, theoretically providing more capacity for control by donors.77

In Afghanistan at the height of the surge, as much as 70 percent of U.S. funding for the Afghan national security forces was provided directly to the Afghan government in the form of on-budget assistance, with little, if any, U.S. oversight over how those funds were being spent.78 Afghan financial records, to the extent they existed, often weren’t examined. With so much money and so few controls, it is no wonder much of it was stolen or wasted.

Recognizing this error, General Dunford, the Chairman of the Joint Chiefs of Staff, recently testified that the amount of funding provided on-budget for the Afghan security forces has now been reduced to about 25 percent, with more stringent conditions to ensure that remaining on-budget funds can be audited.79 To paraphrase President Reagan, however, SIGAR believes we must “verify, then trust,” as does Congress, which recently directed SIGAR to “conduct an assessment of the implementation of” the Afghan government’s national anti-corruption strategy.80

G. Transparency is a Potent Anticorruption Weapon

Finally, SIGAR believes that government transparency, including publicity, is one of the most effective ways to fight corruption everywhere.

76. SPECIAL INSPECTOR GEN. FOR AFG. RECONSTRUCTION, SIGAR 14-32-AR, DIRECT ASSISTANCE: USAID HAS TAKEN POSITIVE ACTION TO ASSESS AFGHAN MINISTRIES’ ABILITY TO MANAGE DONOR FUNDS, BUT CONCERNS REMAIN 2 (Jan. 2014).
77. Id. at 13.
78. See July 2014 SIGAR REPORT, supra note 50, at 212.
As an inspector general, it is my role to be a change agent for improving government operations and policies. Therefore, SIGAR’s policy is that unless a report is classified, or its publication would present a security risk or is otherwise prohibited by law, it should be made public. And, if it deserves publication, it deserves to be publicized.

Why? Because apart from sound work product, publicity is the best tool for shining sunlight into dark corners that need cleaning and disinfecting. Publicity through news stories, social media, op-eds, testimony, and other channels can create public awareness and calls for action, catch civilian and military officials’ attention, trigger inquiries, draw out leads for other investigations, help hold people accountable for bad conduct or poor judgment, and foster constructive change.

We believe that we are most effective when we go public. Widespread dissemination of SIGAR reports accomplishes several important public policy goals: First, publicity brings problems to the attention of senior leaders whose information is often filtered as it makes its way up the chain of command. In most, if not all, organizations, there is a strong incentive to report good news or at least progress; no one likes to be the bearer of bad news. Second, publicity often results in corrective action. We find that when a problem is exposed, managers often take immediate steps to fix it. No one wants to report problems up the chain of command; they know it is much better to report solutions. Third, publicity deters poor performance. Government contractors are much less inclined to cut corners or use substandard materials or practices if they are concerned that they may not get paid for shoddy work, they may not be considered for another big contract, or if they think they may wind up on the front page of a major newspaper. Fourth, publicity deters fraud. SIGAR believes that potential wrongdoers think twice about taking kickbacks or bribes when they see news about someone going to jail as the result of a SIGAR investigation. Fifth, publicity gives whistleblowers, informers, and eyewitnesses an incentive to report wrongdoing. When SIGAR’s reports achieve high visibility in the news, it spurs people to come forward. Some of SIGAR’s best tips and other information have come from senior military officers and civilians who approach our auditors and investigators in the field or call our hotline. In the course of my trips to Afghanistan, I have even had senior officers suggest to me personally that we
should look at particular things. In short, seeing our reports in the news lets them know that SIGAR is someone they can turn to. Finally, and perhaps most importantly, publicizing our work gives the American taxpayer confidence that someone is looking out for how the money is spent. SIGAR suspects that a significant segment of the American public tends to believe that a lot of government spending is wasted or stolen, particularly in countries like Afghanistan. Surveys show that the Afghan public strongly believes that corruption pervades their government. If we can show both American taxpayers and the Afghan public that SIGAR is auditing that spending, investigating suspicious activity, and helping to prevent waste, fraud, and abuse, it provides assurances that something is being done to address the problem. In Afghanistan, as well as in other overseas contingency operations, that is bound to help further U.S. security objectives.

VI. Conclusion

Corruption significantly undermined the U.S. mission in Afghanistan by damaging the legitimacy of the Afghan government, strengthening popular support for the insurgency, and channeling material resources to insurgent groups. Surveys and anecdotal evidence indicate that corrupt officials at all levels of government victimized and alienated the Afghan population.81 Substantial U.S. funds found their way to insurgent groups, some portion of which was due to corruption. By the time U.S. agencies invested resources in understanding the nexus of corrupt officials, criminals, drug traffickers, and insurgents, and sought to prevent U.S. funds from reaching them, these networks were deeply entrenched and extremely difficult to dismantle.

Nevertheless, there are some indications of progress. The 2014 election of President Ghani presented an opportunity for reform. His creation of the National Procurement Commission to personally review all major procurements on a weekly basis has produced some results. Most importantly, both President Ghani and U.S. military and civilian leaders now appear to understand that, to a large extent, Afghanistan’s future may

81. SPECIAL INSPECTOR GEN. FOR AFG. RECONSTRUCTION, CORRUPTION IN CONFLICT: LESSONS FROM THE U.S. EXPERIENCE IN AFGHANISTAN 93 (2016).
be determined by the extent to which the United States and its allies, along with the Afghan government, are able to make serious inroads against the corruption that has kept Afghanistan mired in war and poverty. SIGAR hopes that the lessons of Afghanistan will be applied by the United States to future overseas contingency operations elsewhere.