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One Hundred Eighteenth Congress
U.S. House of Representatives
Committee on Foreign Affairs
2170 Rayburn House Office Building
Washington, DC 20515

March 13, 2023

The Honorable John F. Sopko
Special Inspector General for Afghanistan Reconstruction
1550 Crystal Drive, Suite 900
Arlington, Virginia, 22314

Dear Inspector General Sopko:

I write today to express my concern about ongoing U.S. assistance to Afghanistan and to request your continued help in ensuring that taxpayer dollars supporting the Afghan people do not benefit the Taliban regime or are otherwise subject to waste, fraud, or abuse.

SIGAR's January 2023 Quarterly Report to Congress stated that since the disastrous collapse of the former Afghan government in August 2021:

“...the United States has appropriated or otherwise made available over \$8 billion in assistance to Afghanistan and Afghan refugees. This includes more than \$2 billion, primarily for humanitarian and development aid in Afghanistan, and \$3.5 billion transferred to a newly created Afghan Fund to recapitalize the Afghan central bank and for related purposes. In addition, the United States obligated \$2.7 billion in FY 2022 for the Department of Defense (DOD) to transport, house, and feed Afghan evacuees.”¹

In the wake of the calamitous withdrawal of U.S. personnel and the collapse of the former Afghan government, SIGAR's independent and objective oversight of the billions of dollars continuing to support the people of Afghanistan remains as vital as ever. Specifically, despite the withdrawal, the Department of State and U.S. Agency for International Development (USAID), among other entities, have continued to spend billions across multiple humanitarian

¹Special Inspector Gen. for Afg. Reconstruction, January 2023 Q. Rep. to the U.S. Cong. at 1 (2023) [hereinafter SIGAR Jan. 2023 Q. Rep.], <https://www.sigar.mil/pdf/quarterlyreports/2023-01-30qr.pdf>,

and development sectors, including support for women’s rights, healthcare, food assistance, agriculture, education, and assisting internally displaced persons in Afghanistan.

SIGAR remains uniquely positioned with the purview, authority, and expertise to audit, evaluate, and investigate ongoing assistance to Afghanistan. I have reviewed SIGAR’s fiscal year 2023 Oversight Plan, which includes ongoing and planned work related to U.S. humanitarian and development assistance to support Afghans. It is imperative that SIGAR continue to complete this work. I also understand that SIGAR’s fiscal year 2023 Oversight Plan has been coordinated and deconflicted with the Department of State Office of Inspector General and USAID Office of Inspector General, among other entities.

It is essential that U.S. funds should be spent on U.S. priorities and not benefit that the Taliban, which represses women and girls, imposes a cruel interpretation of Sharia law, and remains unrecognized as a legitimate government by the U.S. and international community. However, as you know, since August 2021, the Department of the Treasury’s Office of Foreign Assets Control (OFAC) has issued multiple General Licenses to provide for the continued flow of assistance to support Afghanistan through “legitimate and transparent channels.”²

In February 2022, OFAC issued General License 20 which authorizes direct payments for the Taliban for the payment of “taxes, fees, or import duties, or the purchase or receipt of permits, licenses, or public utility services,” associated with assisting Afghanistan.³ On December 20, 2022, the head of the United Nations Office for the Coordination of Humanitarian Affairs, Martin Griffiths, reported that UN agencies and non-governmental (NGO) partners have been conducting authorized transactions with Taliban-controlled entities for the delivery of humanitarian aid and basic services. According to Griffiths, these payments are essential to ongoing humanitarian activities.⁴ SIGAR reported in January 2023 that “neither the State Department nor SIGAR have visibility on how much revenue the Taliban-controlled ministries may be collecting from fees and other payments from UN agencies or NGOs.”⁵

Given the significant concerns about U.S. taxpayer dollars benefitting the Taliban regime, I request that SIGAR:

- Report to the committee on the extent to which U.S. funds intended to respond to a humanitarian crisis in Afghanistan have been provided to the Taliban to pay taxes, fees,

² Off. of Foreign Assets Control, Dep’t of Treasury, Fact Sheet: Provision of Humanitarian Assistance to Afg. and Support for the Afghan People (Apr. 2022), https://home.treasury.gov/system/files/126/afg_factsheet_20220413.pdf

³ OFF. OF FOREIGN ASSETS CONTROL, DEP’T OF THE TREASURY, GENERAL LICENSE NO. 20, AUTHORIZING TRANSACTIONS INVOLVING AFG. OR GOVERNING INST. IN AFG. (Feb. 25, 2022), https://home.treasury.gov/system/files/126/ct_gl20.pdf.

⁴ Martin Griffiths, Under Sec’y Gen. for Humanitarian Affairs and Emergency Relief Coordinator, U.N. Off. for the Coordination of Humanitarian Affairs, Statement for the Sec. Council Briefing on the Humanitarian Situation in Afg. (Dec. 20, 2022), <https://reliefweb.int/report/afghanistan/under-secretary-general-humanitarian-affairs-and-emergency-relief-coordinator-martin-griffiths-statement-security-council-briefing-humanitarian-situation-afghanistan-20-december-2022>.

⁵ SIGAR Jan. 2023 Q. Rep., *supra* note 1, at 70.

import duties, or for the purchase or receipt of permits, licenses, or public utility services since August 2021.

Additionally, SIGAR has consistently reported on challenges to executive branch and congressional oversight of U.S. funds channeled through international organizations, such as the UN, World Bank, and the Colombo Plan. For example, in March 2022, SIGAR found “...issues persisted with the [World] Bank’s monitoring, performance, management, and oversight of the \$13 billion international investment in Afghanistan reconstruction [through the Afghanistan Reconstruction Trust Fund].”⁶ Similarly, in September 2020, SIGAR identified more than \$23 million in questioned costs – or 59% of audited expenditures – related to Department of State efforts to develop and sustain a drug treatment program in Afghanistan through the Colombo Plan.⁷

Since the Taliban’s return to power in August 2021, State and USAID have continued providing billions in humanitarian and development assistance, including funds provided through international organizations. The United States is the single largest donor to the UN’s 2022 Humanitarian Response Plan (HRP) for Afghanistan, contributing over \$1.1 billion of the HRP’s \$3.32 billion in funding (or 34.3%) as of February 26, 2023.⁸ Similarly, in September 2022, USAID provided \$53.7 million to the Afghanistan Reconstruction Trust Fund.⁹ I remain concerned that the Department of State and USAID lack visibility into the expenditure of funds once they are transferred to international organizations and that funds may not be used as intended. To assist the committee’s efforts in enhancing transparency of such funds, I request that SIGAR report to the committee on:

- The total amount of U.S. funding provided to Afghanistan through the UN, World Bank, Colombo Plan, and other multilateral international organizations since August 15, 2021.
- The processes and procedures used by the UN in transferring U.S. dollars to Afghanistan and utilizing them for humanitarian aid.
- The processes and procedures used by Afghanistan International Bank to convert U.S. dollars into local currency for humanitarian use in Afghanistan.
- The impact of the introduction of large amounts of U.S. dollars into the Afghanistan economy and their beneficiaries.
- The use of direct cash assistance in U.S.-funded humanitarian aid efforts in Afghanistan, including the processes and procedures under which it is provided, the extent to which it

⁶ Special Inspector Gen. for Afg. Reconstruction, March 2022 Q. Rep. to the U.S. Cong. at 18 (2022), <https://www.sigar.mil/pdf/evaluations/SIGAR-22-15-IP.pdf>.

⁷ Special Inspector Gen. for Afg. Reconstruction, Dep’t of State’s Efforts to Develop and Sustain Afg.’s Drug Treatment Sys.: Audit of Costs Incurred by the Colombo Plan for Coop. Econ. and Soc. Dev. in Asia and the Pac. Results in More than \$23 Million in Questioned Costs at 6 (Sept. 2020), <https://apps.dtic.mil/sti/pdfs/AD1137554.pdf>.

⁸ U.N. Off. for the Coordination of Humanitarian Affairs, Afg. Humanitarian Response Plan 2022, Fin. Tracking Serv. Appeal Summary (2022), <https://fts.unocha.org/appeals/1100/summary>.

⁹ SIGAR Jan. 2023 Q. Rep., *supra* note 1, at 69.

is subject to misuse and diversion, and its costs and benefits compared to less fungible forms of assistance.

- Any Department of State or USAID regulations, policies, or practices that limit or restrict direct U.S. government oversight of funds provided to international organizations. Please identify the effect of such regulations, policies, or practices, and, if appropriate, suggest actions for congressional consideration that would improve transparency of such funds.
- Any regulations, policies, or practices imposed by an international organization receiving U.S. funding that limits or restricts direct oversight by U.S. government entities of those funds. SIGAR shall also identify the effect of such regulations, policies, or practices, and if appropriate, suggest actions for congressional consideration that would improve transparency of such funds.
- The sufficiency of oversight, monitoring, due-diligence, and safeguards used by the U.S., UN, and other international organizations in providing humanitarian aid in Afghanistan in preventing waste, fraud, abuse –to include diversion (or other direct or indirect support) to the Taliban regime and terrorist organizations.
- The extent to which the aforementioned international organizations have established policies and practices for overseeing U.S. funds that align with established requirements for funds provided directly by the U.S. government to NGOs or other implementing partners.
- Any amounts paid by the U.S. to international organizations, including the U.N. and the World Bank, in administrative fees and whether those fees are in addition to or taken from the amounts intended for assistance to Afghanistan.

Finally, as you are aware, the executive branch has taken action to seize \$7 billion in Afghan central bank assets that were deposited in the United States prior to the Taliban’s return to power in August 2021. On September 14, 2022, the White House and Department of the Treasury announced the creation of the Fund for the Afghan People (“Afghan Fund”), and subsequently transferred \$3.5 billion of the seized assets to the Fund.¹⁰ The purpose of the Afghan Fund is to recapitalize the Afghan central bank and otherwise help stabilize the Afghan economy.

I understand that SIGAR has begun looking into the oversight and management mechanisms of the Afghan Fund. I agree that independent, external, U.S. government oversight of the Afghan Fund is needed, as the fund was capitalized with funds seized by the U.S. government and subsequently made available by the U.S. government to assist Afghanistan. Therefore, I request that SIGAR report to the committee on:

- The operations, policies, and expenditures of the “Afghan Fund” and determine whether adequate safeguards have been put into place for protecting Fund disbursements from

¹⁰ Press Release, Dep’t of State, The U.S. and Partners Announce Establishment of Fund for the People of Afg. (Sept. 14, 2022), <https://www.state.gov/the-united-states-and-partners-announce-establishment-of-fund-for-the-people-of-afghanistan/>.

waste, fraud, and abuse – to include diversion (or other direct or indirect support) to the Taliban regime.

- The vetting of all appointments to the management and operation of the Afghan Fund and its boards as well as the vetting of all contracts for the Fund.
- Suggestions for Congress to consider to improve the operations and effectiveness of the Afghan Fund.

I greatly appreciate SIGAR's assistance in these matters and continued work to ensure that U.S. government funds provided for Afghanistan are used as intended, in the most efficient manner possible, and do not benefit the Taliban regime. In the interest of expediency, SIGAR may respond to these requests in multiple reports, as appropriate.

Please immediately notify the Committee if SIGAR encounters any obstruction, noncompliance, obfuscation, or unreasonable delay in the provision of requested information from the Department of State, the Department of the Treasury, USAID, or any other executive branch agency. Likewise, I expect to be notified without delay if SIGAR encounters any obstruction, noncompliance, obfuscation, or unreasonable delay in the provision of requested information from the UN, World Bank or other international organizations in receipt of U.S. government funds.

Sincerely,



Michael T. McCaul
Chairman
House Foreign Affairs Committee

CC:

Rep. Gregory Meeks, Ranking Member
House Foreign Affairs Committee