

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

OFFICE OF SPECIAL PROJECTS

**AFGHANISTAN'S HIGH OFFICE OF OVERSIGHT:
PERSONAL ASSET DECLARATIONS OF HIGH
RANKING AFGHAN GOVERNMENT OFFICIALS ARE
NOT CONSISTENTLY REGISTERED AND VERIFIED**



SEPTEMBER 2016

SIGAR-16-60-SP



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

September 19, 2016

The Honorable John F. Kerry
Secretary of State

The Honorable Ashton B. Carter
Secretary of Defense

The Honorable Gayle E. Smith
Administrator, U.S. Agency for International Development

The attached report discusses SIGAR's review of the High Office of Oversight (HOO), which was established in July 2008 to combat corrupt practices within the Afghan government. In December 2009, SIGAR reported that, in the year after its establishment, the HOO had undertaken a number of anticorruption initiatives with limited progress, including the development of an asset declaration process.¹ However, at that time, we also found that the HOO suffered from significant gaps in operational capacity, lacked the authority and independence required to become an effective anticorruption institution, was greatly understaffed, and that many of its employees lacked basic computer skills and information-gathering abilities. The following report follows up on our 2009 audit and re-examines the HOO's effectiveness in fighting corruption, with a specific focus on the office's ability to register, verify, and publish the asset declarations of Afghanistan's top government officials under the two Karzai administrations and the early stages of the Ghani administration.

We found that the HOO still suffers from a lack of independence and authority to fulfill its mandate, lacks enforcement power, and, in some instances, has failed to register and verify asset declarations. Moreover, the asset declarations that were verified by the HOO contained errors and omissions that would have hindered robust verification efforts. Because the HOO has been unable to provide us with supporting documentation showing how it verified asset declarations and the outcomes of verification efforts, those errors in and omissions from verified declaration forms raise questions regarding the efficacy of the process.

In order to carry out our work, SIGAR reviewed relevant documentation, such as the asset declaration filings of top Afghan government officials. We also interviewed key officials and advisors from the HOO, the Department of State, the Department of Defense, the U.S. Agency for International Development (USAID), and international organizations, including the United Nations Development Programme (UNDP) and United Nations Office of Drugs and Crime (UNODC).

We provided a draft of this report to the Department of Defense, the Department of State, and USAID for review on August 23, 2016. We received comments from USAID on September 8, 2016, which concurred with our overall assessment of the HOO. Those comments are included in appendix I. We also received technical comments from USAID, which we incorporated, as appropriate. We did not receive comments from the Department of Defense or the Department of State.

¹ SIGAR, *Afghanistan's High Office of Oversight Needs Significantly Strengthened Authority, Independence, and Donor Support to Become an Effective Anti-Corruption Institution*, SIGAR Audit 10-2, December 16, 2009.

We conducted this special project in Washington, D.C. and Kabul, Afghanistan, from December 2015 to June 2016 in accordance with SIGAR's quality control standards. These standards require that we carry out work with integrity, objectivity, and independence, and provide information that is factually accurate and reliable. For more information on the policies and procedures and quality control standards for conducting special project work, please see SIGAR's website (www.SIGAR.mil). SIGAR performed this special project under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

Sincerely,

A handwritten signature in black ink, appearing to read 'John F. Sopko', with a long horizontal flourish extending to the right.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

Article 154 of the Afghan Constitution requires that “the wealth of the President, Vice-Presidents, Ministers, members of the Supreme Court, as well as the Attorney General, shall be registered, reviewed and published prior to and after their term of office by an organ established by law.”¹ In July 2008, the Afghan Parliament passed the “Law on Overseeing the Implementation of the Anti-Administrative Corruption Strategy,” which established the High Office of Oversight (HOO) to oversee and coordinate national efforts to combat corruption.² Article 12(1) states that “The High Office of Oversight shall register and address the asset [sic] of the officials mentioned in Article 154 of the Afghanistan Constitution and publishes when needed.”³ In addition to the officials required to register under Article 154 of the Afghan constitution, Article 12(2) requires the HOO to:

[R]egister, address, and if needed disclose the assets of members of the National Assembly, members of provincial and district councils, deputy ministers, Heads of independent commissions and offices, Ambassadors, Governors, Mayors and their deputies, Judges, Prosecutors, Officers of National Defence [sic] and Interior Ministries, District Administrators, officials working in second and higher grades and those working in finance, accounting and procurement sections of the offices.⁴

The scope of this review was limited to the registration, review, and publication of the top government officials’ asset declarations as required under Article 154 of the Afghan Constitution.

The HOO was established to lead the Afghan government’s anticorruption efforts, and oversee and coordinate the implementation of its national strategy to fight corruption.⁵ The HOO was empowered to conduct preliminary inquiries of corruption allegations, and one of its priority tasks was to “address” the asset declarations of senior Afghan officials.⁶

However, the persistence of high levels of corruption in Afghanistan has raised concerns regarding the extent to which the HOO has been able to fulfill its broad responsibility for combatting official corruption. In early 2013, the U.S. Embassy in Kabul reported on the status of anticorruption efforts in Afghanistan and declared, “Corruption remains arguably the most formidable obstacle to a stable Afghanistan, especially as the country moves past transition and into the post-2014 era.”⁷

This report follows up on our 2009 audit⁸ and re-examines the HOO’s effectiveness in fighting corruption, with a specific focus on the organization’s ability to register, verify, and publish the asset declarations of Afghanistan’s top government officials under the two Karzai administrations and the early stages of the Ghani administration. In order to carry out our work, SIGAR reviewed pertinent documentation, such as the asset

¹ The Islamic Republic of Afghanistan, *The Constitution of Afghanistan*, Article 154, ratified January 26, 2004.

² Government of Afghanistan, “Law on Overseeing the Implementation of the Anti-Administrative Corruption Strategy,” <http://anti-corruption.gov.af/Content/files>, accessed May 31, 2016.

³ *Ibid*, Article 12.

⁴ *Ibid*.

⁵ Department of Defense, *Report on Progress toward Security and Stability in Afghanistan*, April 2011, p. 79.

⁶ To “address” the asset declarations of senior Afghan officials, the HOO established a department specifically focused on verifying asset registrations. See The Islamic Republic of Afghanistan, *The Constitution of Afghanistan*, Article 154, ratified January 26, 2004; SIGAR, *U.S. Reconstruction Efforts in Afghanistan Would Benefit from a Finalized Comprehensive U.S. Anticorruption Strategy*, SIGAR 10-15-AR, August 5, 2010, p. 20; USAID, *Annex 1: Alternative Courses of Action for the High Office of Oversight*, n.d., p. 1; SIGAR, *Afghanistan’s High Office of Oversight Needs Significantly Strengthened Authority, Independence, and Donor Support to Become an Effective Anticorruption Institution*, SIGAR Audit 10-2, December 16, 2009, pp. 2–3.

⁷ U.S. Embassy in Kabul, “Anticorruption in Afghanistan: Moving the Ball Forward,” 13 Kabul 736, February 25, 2013, p. 1.

⁸ SIGAR, *Afghanistan’s High Office of Oversight Needs Significantly Strengthened Authority, Independence, and Donor Support to Become an Effective Anti-Corruption Institution*, SIGAR Audit 10-2, December 16, 2009.

declaration filings of top Afghan government officials. We also interviewed key officials and advisors from the HOO, the Department of State, the Department of Defense, the U.S. Agency for International Development (USAID), and international organizations, including the United Nations Development Programme (UNDP) and United Nations Office of Drugs and Crime (UNODC).

We conducted this special project in Washington, D.C. and Kabul, Afghanistan, from December 2015 to June 2016 in accordance with SIGAR's quality control standards. These standards require that we carry out work with integrity, objectivity, and independence, and provide information that is factually accurate and reliable. For more information on the policies and procedures and quality control standards for conducting special project work, please see SIGAR's website (www.SIGAR.mil). SIGAR performed this special project under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

International Funding of the HOO

International donors have supported the development of the HOO and its anticorruption efforts. Donor support has come from, among other sources, USAID, the Asia Foundation, UNODC, UNDP, and the World Bank.

The U.S. government began funding anticorruption activities in August 2003 through a 7-year, \$87 million USAID cooperative agreement with the Asia Foundation to support the Strategic Support to the Islamic Republic of Afghanistan program, which was focused on promoting democracy and good governance.⁹ As part of this program, the Asia Foundation coordinated with UNDP and UNODC to assist with the HOO's establishment in 2008. Additionally, the Asia Foundation trained 18 senior officials from the HOO and other Afghan government offices in asset registration procedures. The Asia Foundation also provided technical assistance and on-the-job training for the HOO's asset registration and complaints directorate staff.¹⁰ According to USAID, technical assistance to the HOO represented approximately \$9 million of the total \$87 million award.

USAID also supported the HOO through the Assistance for Afghanistan's Anticorruption Authority (4A) project. USAID awarded this 1-year contract, with two option years and a maximum budget of \$26.6 million, to Management Systems International in September 2010. The project's purpose was to build a strong, effective institution to lead, monitor, and report on efforts to combat corruption in Afghanistan. To achieve its purpose, the 4A project provided technical assistance to develop the HOO's ability to register the assets of high ranking Afghan government officials. This assistance included conducting workshops for government officials on how to complete the asset registration form and hiring an international expert in asset registration and verification to train HOO staff on best practices.

SIGAR's 2009 Report

In 2009, SIGAR reported on the HOO's progress in combatting corruption and found that in the year after its establishment, the HOO had undertaken a number of anticorruption initiatives with limited progress, including the development of an asset declaration process.¹¹ However, SIGAR also found that the HOO suffered from

⁹ In its technical comments to a draft of this report, USAID requested that we revise the project total from \$87 million to \$85 million. However, the final program report submitted to USAID by the Asia Foundation stated, "The original ceiling of the Cooperative Agreement was \$10 million and, after the modifications, the total was \$87 million." Thus, for the purposes of this report, we kept the \$87 million figure (see The Asia Foundation, *Final Report "Strategic Support to the Islamic Republic of Afghanistan" Award Number 306-A-00-03-00504-00*, Report submitted to: Democracy and Governance Office, USAID, July 29, 2010).

¹⁰ Staff in the HOO's asset registration and complaints directorates collect declarations of personal assets from public officials of the Afghan government, receive complaints from various sources, and, after obtaining additional information on complaints for background purposes, forward complaints to appropriate government agencies.

¹¹ SIGAR, *Afghanistan's High Office of Oversight Needs Significantly Strengthened Authority, Independence, and Donor Support to Become an Effective Anti-Corruption Institution*, SIGAR Audit 10-2, December 16, 2009.

significant gaps in operational capacity, including understaffing and a lack of professional skills among staff, and that the office lacked the authority and independence required of an effective anticorruption agency. The report contained five recommendations to address the issues we identified. Specifically, we recommended that the U.S. Ambassador to Afghanistan:

- Consult with USAID, the HOO, and international partners to determine conditions on which to base future assistance to the office, including the enactment of mutually agreeable legislative reforms based on key principles to enhance the HOO's authority and independence, and the establishment by the HOO of measureable performance benchmarks.
- Use appropriate diplomatic channels, including the Joint Coordination and Monitoring Board, to urge the HOO Director General and Deputy Director General to either resign from their presidential advisory positions or, alternatively, resign from their HOO positions.
- Designate an agency or individual to oversee assistance to the HOO, both in terms of institutional capacity building and legislative reform, in conjunction with international partners.
- Ensure that the designated agency or individual oversee the appointment of high-level advisors, such as judges or anticorruption specialists, to be embedded at the HOO in order to provide sustained counsel, mentoring, and strategic advice to HOO leadership.
- Engage the international community to reinvigorate international donor coordination efforts, perhaps under the auspices of the United Nations Assistance Mission in Afghanistan.

In response, the U.S. Embassy in Kabul stated that it “strongly supports each recommendation of the draft report,” and the Embassy took actions to address each one.¹² Those recommendations, though, were largely focused on the manner and conditions under which the U.S. government would engage with the HOO, rather than specifically on improving the HOO's ability to fulfill its mandate, specifically regarding asset verification, which is the focus of this review.

THE HOO LACKS THE INDEPENDENCE, POLITICAL WILL, AND AUTHORITY TO CARRY OUT ITS MANDATE

In 2009, we found that the HOO lacked independence and operational capacity and suffered from a weak legislative framework, all of which hindered its ability to register and verify the assets of high-ranking government officials.¹³ For example, we found that despite enabling legislation requiring the institution to be independent, the HOO's Director General was appointed by, and reported to, the President. This was troubling because guiding documents such as the Code of Ethics issued by the International Organization of Supreme Audit Institutions, of which the HOO is a member, state that it is important to maintain both actual and perceived political neutrality. Therefore, it is important to maintain independence from political influence in order to discharge responsibilities in an impartial way. Without political neutrality or independence, leaders may lack the political will to follow their mandate in the face of powerful outside influences.

¹² Ambassador E. Anthony Wayne and Acting USAID Mission Director Rebecca Black, Information Memorandum, *SIGAR Audit-10-2 High Office of Oversight*, December 5, 2009.

¹³ SIGAR, *Afghanistan's High Office of Oversight Needs Significantly Strengthened Authority, Independence, and Donor Support to Become an Effective Anti-Corruption Institution*, SIGAR Audit 10-2, December 16, 2009, pp. 6–7. Although it has yet to be approved by the Afghan government, the HOO Asset Registration and Verification Manual, which was drafted by UNODC, also includes asset verification as a core part of the HOO's mission. The manual states that “[t]he purpose of asset verification work is to verify that the information provided in an asset declaration is true, correct, and complete” (see High Office of Oversight and Anti-Corruption, *Asset Registration and Verification Manual*, n.d., p. 10).

Our 2009 audit also found that the HOO suffered from a weak legislative framework. This was primarily due to its enabling legislation, which did not contain criminal penalties for failure to submit asset declaration forms and no provision in the legislation enumerated any penalties for refusing to provide documents or information or for not complying with the HOO's advice or recommendations. Further, we found that the HOO had only hired about 20 percent of its authorized staff, which resulted in large capacity gaps and an inability to fulfill its anticorruption mandate.

To help address the issues raised in our December 2009 audit and to bolster the capacity of the HOO, both the Afghan government and USAID took action. Specifically, in 2010, President Karzai increased the authority of the HOO and "promoted the professional staff of the HOOAC [HOO] to the position of Judicial Record Officers."¹⁴ According to Transparency International, "This was very critical in fighting corruption in Afghanistan, because the officers now had the authority to collect, document and investigate evidence related to corruption suspects, and present it to the AGO [Attorney General's Office]."¹⁵

In September 2010, USAID launched the 4A project to further support the HOO in developing the capacity to fulfill its mandate. However, in June 2012, USAID reduced the total planned funding for the 4A project from approximately \$26.6 million to \$9.4 million due to the HOO's failure to meet project requirements and benchmarks.¹⁶

More than 3 years after our audit report and more than 2 years after USAID initiated its 4A capacity-building project, a February 2013 Department of State background paper reconfirmed SIGAR's 2009 audit findings and again linked the HOO's inability to carry out its asset declaration and verification mandate to a lack of political will and independence.¹⁷

Our analysis for this review found that the problems we identified in 2009 and that the State Department reiterated in 2013 continue to hamper the effectiveness of the HOO. Specifically, the HOO still lacks independence and the current HOO Director General and his deputies were all still appointed by, and reported to, the President. These Presidential appointments of HOO leadership do not require parliamentary approval, which limits the independence of the HOO; independence is required for national anticorruption bodies by Article 6 of the United Nations Convention Against Corruption.¹⁸ In fact, Transparency International scored the HOO a '0' out of '100' in terms of its independence.¹⁹

Further, we found that there are still no penalties for failing to comply with HOO requests, and the office lacks authority and enforcement power. The HOO Director General also told us that his office still lacks the personnel needed to effectively obtain and verify the assets of Afghan officials, the HOO has less than half of the staff required to do the work, and that the staff the HOO has requires much more training. Further complicating the HOO's ability to register and verify assets of high-ranking officials, in 2015, President Ghani reduced the mandate of the HOO to two functions: (1) asset registration and (2) simplifying administrative procedures. In a March 2016 interview, the Director General of the HOO told us that some officials now simply refuse to provide the HOO with information.

¹⁴ Transparency International, *National Integrity System Assessment, Afghanistan 2015*, p. 112.

¹⁵ Ibid.

¹⁶ USAID redirected the funding to other anticorruption efforts, including work with the Afghan Independent Bar Association to establish a walk-in legal clinic for victims of administrative corruption, support for the Afghan Civil Society Coalition Against Corruption, and support for the Parliamentary Anticorruption Caucus of female parliamentarians to take on corruption-related legislation in both houses of the Afghan National Assembly. The 4A project was ultimately terminated in November 2013.

¹⁷ Department of State, *Background Paper – High Office of Oversight and Anticorruption*, February 2013.

¹⁸ Afghanistan signed the United Nations Convention Against Corruption on February 20, 2004.

¹⁹ Transparency International, *National Integrity System Assessment, Afghanistan 2015*, p. 113.

Asset Declarations under the Karzai Administration

In March 2016, SIGAR interviewed two advisors that had worked with the HOO as part of USAID and UNODC technical assistance teams from 2009 through 2013. Those advisors further clarified the reasons for the HOO’s inability to carry out its mandate to obtain and verify asset declaration information. The advisors highlighted the same problems related to HOO independence, political will, and authority that we discussed in our 2009 report. According to one of those advisors, the Karzai administration established the office in 2008 due to pressure from the U.S. government and the international donor community to counter Afghan government corruption. But according to this advisor, President Karzai and his administration never provided the HOO with the political support or independence necessary to register and verify the personal assets of the top officials in his government.

The other HOO advisor we interviewed, who worked with the office from June 2010 through March 2011 to help develop asset registration and verification capacity, also stated that the HOO was ineffective in carrying out its asset registration and verification work. He stated in March 2016 that “the HOO was never anything more than window dressing designed to keep the international community happy while the government bought more time.” He added, “It is true that the organization was never independent—the first Director General was a political advisor to the President. That caused no end of problems.”

The asset registration forms required basic personal asset information from the relevant officials. The forms were to be filled out in full and signed by the official. The HOO was then expected to independently verify the accuracy of the information provided and to publish the information contained in the forms. See table 1 for an illustration of the information required.

Table 1 - Illustrative HOO Asset Registration Form

Category	Details Required
Personal Information	Name, marital status, birth date, place of birth, current residence
Cash (if account has more than 100,000 afghanis), to include spouse and children under 18	Amount Bank account number and location (inside or outside Afghanistan; list country if outside Afghanistan) Source of income
Personal Effects (if valued at more than 3,000 afghanis) Examples: jewelry, gold, rugs, and antiques, to include spouse and children under 18	Name of owner Description of asset Purchase cost Date of purchase Source of income to purchase asset
Fixed Assets Examples: house or apartment, land or garden, and shop or company, to include spouse and children under 18	Name of owner Description of asset Location of asset (inside or outside Afghanistan) Estimated current value Purchase cost Date of purchase Source of income to purchase asset
Income, to include spouse and children under 18	Name of earner Amount and source of monthly income Amount of other income sources (ie, income from rental properties or rental equipment) Total income
Off-Duty Activities Examples: professional advisory fees, stockholder dividends, and income from owning other businesses, to include spouse and children under 18	Name of earner Type of activity or business Location of income-earning activity

Loans (if more than 100,000 afghanis), to include spouse and children under 18	Name of borrower
	Name of lender
	Total loan amount
	Date of loan
	Current loan balance
	Reason for loan
Educational Costs, to include spouse and children under 18	Name of student
	Name and location of school
	Length of study
	Annual costs
	Source of money for education

Source: Information provided by the HOO

Notes: In 2010, \$1 = 45 afghanis. 100,000 afghanis was worth approximately \$2,222; 3,000 afghanis was worth approximately \$67.

From the HOO's creation in 2008 through 2014, the final year of the Karzai administration, we found that 56 Afghan officials were required under Article 154 of the Afghan Constitution to register their personal assets with the HOO for verification.²⁰ Our analysis for this review found that seven of those officials²¹ never submitted any asset information, either upon entering or leaving office, and that the HOO never verified the asset declaration forms of former President Hamid Karzai, his First Vice President Mohammad Fahim, his Second Vice President Mohammad Karim Khalili, or the asset declaration forms of eight other top officials.²² Further, of the 47 Afghan officials who left office between 2008 and 2014,²³ only eight complied with the Afghan constitutional mandate to submit an asset declaration form when leaving office, and the HOO did not provide any evidence that it verified those eight submissions.²⁴

During an interview in March 2016, top HOO officials, including the HOO Director General, cited multiple reasons for not obtaining asset declarations or conducting verification investigations. For example, according to the HOO's Director General, some cabinet ministers did not provide asset declarations because they did not accept the HOO's authority to collect their personal asset information. HOO officials also stated that they could not require respondents to provide information or respond to requests because there were no penalties for

²⁰ According to Transparency International, the HOO has registered the assets of 8,000 government officials. We limited the scope of our review to the President, the Vice Presidents, Cabinet members, Supreme Court members, and the Attorney General, which amounted to 56 officials for the two Karzai administrations. See Transparency International, *National Integrity System Assessment, Afghanistan 2015*, p. 118.

²¹ The following officials never submitted any asset information: Second Vice President, Yunus Qanuni; Minister of Interior, Ghulam Mujtaba Patang; Minister of Energy and Water, Mohammad Arif Noorzai; Minister of Trade and Commerce, Mohammad Shakir Kargar; Minister of Border and Tribal Affairs, Arsala Jamal; and Chiefs of the National Directorate of Security, Amrullah Saleh and Rahmatullah Nabil.

²² The HOO did not verify the asset information of the Ministers of Interior, Mohammad Omar Daudzai and Mohammad Atmar; Minister of Trade and Commerce, Ghulam Mohammad Eelaqi; Minister of Public Works, Sohrab Ali Safari; Minister of Immigration, Jamahir Anwari; Minister of Foreign Affairs, Rangeen Dadfar Spanta; Minister of Counter Narcotics, Mobarez Rahidi; and the Chief Justice, Abdul Salam Azimi. The HOO did not provide verification information for one official who submitted his asset declaration form when entering office.

²³ The nine Supreme Court justices remained in office when the Karzai administration ended.

²⁴ These officials were President Karzai; Second Vice President, Mohammad Karim Khalili; Minister of Health, Soraya Dalil; Minister of Transportation, Dawwod Ali Najafi; Minister of Economy, Hadi Arghandiwall; Minister of Information and Cultural Affairs, Sayed Makhdom Rhaien; Minister of Immigration Affairs, Jamahir Anwari; and Minister of Public Works, Najibullah Aoudjan.

noncompliance and that, in some cases, they were unable to access information necessary to verify declarations.

Further stymying enforcement efforts was the unwillingness of the Attorney General's Office to investigate and prosecute corruption cases referred to it by the HOO. The HOO Director General and Deputy Director claimed that some of those cases referred involved embezzlement, bribery, and forgery ranging from bribes of \$1,000 to cases involving more than \$100 million, and implicated ministers.²⁵ In our 2009 report on the HOO, we found that "the Case Tracking Department was unable to provide SIGAR with information on whether . . . cases resulted in any prosecution, conviction, or sentencing."²⁶ The inability of the HOO to take meaningful action on its own, or to get the Attorney General's Office to act on the cases it refers, has apparently not changed in the 8 years since the HOO's establishment. In 2015, Transparency International reported, "Out of the thousands of registered assets, neither has a single official's assets been found to be fraudulent nor has any asset owner been prosecuted."²⁷

Submitted Asset Declarations of Karzai Administration Officials Contained Obvious Omissions or Errors

Our review of the asset declarations of high-ranking officials in the Karzai administration showed obvious omissions or errors that would have hindered verification efforts. For example:

President Karzai: In 2009, President Karzai submitted his initial personal asset declaration form. Although the President declared cash in two German bank accounts, he did not provide the bank account numbers for verification purposes. Additionally, he declared personal effects in the form of jewelry but did not provide the owner's name, the purchase cost, or the date of purchase. The President's declaration stated that he had no fixed assets to declare—which would include an apartment, a house, land, business land, shops, a market, a company, or a vehicle—and no education costs inside or outside the country.

In September 2015, Hamid Karzai submitted his end of office asset declaration form. This form listed cash in a German bank, but no bank account number was given and the source of the money was also left blank. Under personal effects, the President listed jewels but again provided no purchase date, no current value, and no source of income to purchase the asset. Again, no fixed assets, loans, or education expenses were listed.

First Vice President Fahim: First Vice President Fahim completed his asset declaration form in 2010. He listed cash assets but provided no bank account numbers or any information indicating the bank(s) name, location, or the asset's income source. He also listed personal effects in the form of gold belonging to his wife and daughters but did not provide the date of purchase or the source of income to purchase the assets. In terms of fixed assets, he declared six houses in his name, two houses in his wife's name, and two houses in other family members' names. Also, the Vice President listed a garden and land ownership. For all of these fixed assets, the Vice President did not provide the assets' estimated current value, purchase cost, date of purchase, or the source of income to purchase each asset. In the income part of the form, Vice President Fahim listed no amount under monthly income. He also wrote that he had no loans or any educational costs inside or outside the country.

²⁵ U.S. Embassy in Kabul, "Afghanistan: Head of High Office of Oversight Lodin Discusses Concerns, Priorities and Frustration with Prosecutions," 11 Kabul 2494, May 6, 2011, p. 1; U.S. Embassy in Kabul, "The Afghan Supreme Court's Control and Monitoring Department: A Rare Island of Anticorruption Integrity," 11 Kabul 4674, July 18, 2011, p. 2; and U.S. Embassy in Kabul, "Rule of Law in Afghanistan: HOO Chairman Lodin," 12 Kabul 4620, July 26, 2012, p. 1.

²⁶ SIGAR, *Afghanistan's High Office of Oversight Needs Significantly Strengthened Authority, Independence, and Donor Support to Become an Effective Anti-Corruption Institution*, SIGAR Audit 10-2, December 16, 2009, p. 10.

²⁷ Transparency International, *National Integrity System Assessment, Afghanistan 2015*, p. 118.

Second Vice President Khalili: Upon entering office in 2009, Second Vice President Mohammad Karim Khalili submitted his personal asset declaration form. The form stated that he had no cash assets nor any personal effects to declare. He declared a house but provided no information on the property's current value, purchase cost, date of purchase, or the source of income to purchase the asset. The Vice President declared that he had no loans and no educational costs inside or outside the country.

When Second Vice President Khalili left office, he submitted another personal asset declaration form.²⁸ This form stated he had no cash assets or personal effects, and no vehicles, loans, off-duty activities, or educational expenses to declare. As far as income, Vice President Khalili wrote that the government provided his salary, but no amount was provided and no other income information was listed. He declared a house and four plots of land but provided no information on the property's current value, date of purchase, or the source of income to purchase the assets.

In addition to the omissions or errors described above, we found instances where the HOO reportedly attempted to verify assets by relying on incomplete information. In those cases, the HOO was unable to provide supporting documentation showing how it conducted the verification or the outcome. For example, in 2010, the Minister of Counter Narcotics, Zarar Ahmad Moqbil Osmani, submitted his asset declaration form. Minister Osmani listed cash assets. However, no bank account number(s) nor information indicating whether the money was located inside or outside the country was provided. Furthermore, no income source for the cash assets was given, and the Minister did not provide information for any personal effects, fixed assets, income, or educational expense information. He listed a loan from Kabul Bank for \$300,000, but he did not provide the borrower's name, date of loan, current loan balance, or reason for loan. While the HOO officials stated that they verified the Minister's incomplete asset declaration form, they were unable to explain how they were able to verify the assets without obtaining access to the required information that was omitted from the form.

Asset Declarations under the Ghani Administration

Since taking office in 2014, President Ashraf Ghani has indicated a willingness to take a more aggressive approach to tackling corruption in Afghanistan than his predecessor. For example, shortly after taking office, he adopted more than 300 recommendations made by the joint Afghan/International Community Anti-corruption Monitoring and Evaluation Committee (MEC) as part of the National Unity Government's plan to fight corruption.²⁹ Moreover, as recently as June 2016, multiple international and Afghan media outlets reported that President Ghani, while chairing a meeting of the High Economic Council, stressed the importance of implementing strong anticorruption measures, including asset registration.³⁰

Against that backdrop, we reviewed the filing history of 27 top officials under the Ghani administration³¹ who were required to submit asset declaration forms to the HOO for verification.³² As of March 2016, the HOO

²⁸ Second Vice President Khalili's asset declaration form was not dated when he left office.

²⁹ The latest semiannual MEC report indicated that out of its 416 total recommendations made, 44 percent were completely implemented and 39 percent were partially implemented (see Independent Joint Anticorruption Monitoring and Evaluation Committee, *Ninth Sixth-Month Report*, February 2016, p. 40).

³⁰ The following media outlets reported the above information: National Radio Television of Afghanistan (RTA), Khurshid TV, and Voice of America.

³¹ According to Transparency International, the HOO has registered the assets of 8,000 government officials. We limited the scope of our review to the President, the Vice Presidents, Cabinet members, Supreme Court members, and the Attorney General, which amounted to 27 officials for the Ghani administration.

³² According to the HOO, of the 27 top Ghani administration officials required to submit asset declarations, four have not submitted them. Those officials are: First Vice President, General Abdul Rashid Dostrum; First Deputy Chief Executive Officer, Engineer Mohammad Khan; Second Deputy Chief Executive Officer, Mohammad Mohaqiq; and Minister of National Defense, Mohammad Stanal. In addition, the HOO reportedly published the asset declarations for 23 of the 27 officials, including President Ghani, who submitted declarations. Asset declarations were reportedly posted on the HOO website and in the *Anis* newspaper.

reported that it verified one asset declaration form (President Ghani's) and had 22 others under review. Four officials had yet to submit asset declarations. It remains too early to assess the outcome of the Ghani administration submissions, and the HOO did not provide any information as to whether the verification process uncovered any concerns regarding the President's asset declaration form. However, while President Ghani's declaration was much more complete than that of President Karzai, our review of the declaration did find several omissions that would likely hinder the HOO's verification efforts. For example, the President declared two bank accounts. The information for one of the accounts was complete, with the exception of the name of the bank, which was not provided. The entry for the second account lacked information regarding the amount of money in the account and did not list the bank account number.

Asset Registration and Verification Manual

From 2008 through 2013, UNODC and USAID provided the HOO with training and technical assistance, including conducting asset registration workshops for the asset registration and verification staff and developing a plan for the asset verification process. In March 2016, UNODC and USAID officials confirmed that UNODC had developed an asset registration and verification manual for the HOO. In a March 14, 2016, interview with the HOO's Director General, SIGAR requested that the HOO provide a copy of this manual. The Director General stated that the HOO has had a procedure manual only since mid-2014. Additionally, the Director General said that the manual is not used as part of the HOO's asset registration and verification process because approval of the manual by the Ministry of Justice (MOJ) has been pending since 2015. He added that even if the MOJ approves the manual, the parliament is reluctant to approve it because parliamentarians do not want to disclose sensitive personal information. When asked about the guidelines the HOO uses in lieu of the procedure manual, the Director General stated that HOO employees used their experience as guidance, but that they needed much more training.

Conclusion

Eight years after its establishment, the HOO remains unable to consistently register and verify asset declaration information of top Afghan officials. Capacity-building efforts with the HOO have been ineffective, which indicates that institutional reform did not work without political will. The HOO still lacks independence and capacity, and its mandate has been limited to asset registration and the simplification of administrative procedures. Obtaining asset declarations is of little oversight value unless the HOO has meaningful enforcement authorities to compel the production of correct and complete information. Without clear, established procedures for verifying asset declarations and for holding individuals accountable for the accuracy of such declarations, the entire asset declaration requirement seems to remain, in the words of one HOO advisor, "window dressing designed to keep the international community happy."




USAID | **AFGHANISTAN**
FROM THE AMERICAN PEOPLE

MEMORANDUM

September 8, 2016

TO: John F. Sopko
Special Inspector General for
Afghanistan Reconstruction (SIGAR)

FROM: Herbert Smith, Mission Director 

SUBJECT: Mission Response to Draft SIGAR Review titled:
“Afghanistan’s High Office of Oversight: Personal Asset
Declarations of High Ranking Afghan Government
Officials Are Not Being Consistently Registered and
Verified” (SIGAR-16-XX-SP)

REF: SIGAR Transmittal email dated 8/23/2016

USAID thanks SIGAR for the opportunity to comment on this Draft Review.

USAID concurs with SIGAR’s overall assessment of the institutional weaknesses attributed to the High Office of Oversight (HOO). USAID stands by its initial decision to support the HOO, which at the time was a newly established and untested institution and appeared to be a promising vehicle for combatting Afghanistan’s rampant corruption. Over time, USAID shifted the focus of its anti-corruption assistance to other partner institutions, where it felt its assistance would have more impact.

Technical Comments:

USAID requests that SIGAR revise the report to correct or add statements regarding funds allocated for support of the HOO by USAID:

1. **SIGAR draft report, page 4, para. 3:** Under the Strategic Support to the Islamic Republic of Afghanistan Project, implemented by the Asia Foundation, support to the HOO constituted a small component of USAID’s entire assistance. Please note that the funds allocated and expended under this project totaled \$85 million. Please revise in the report the total sum of the project from \$87 million to \$85 million.

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Also please add the following sentence to the end of the paragraph:
“This technical assistance to the HOO represented approximately \$9 million of the total \$85 million award.”

2. **SIGAR draft report, page 4, para. 4:** The total amount allocated to Task Order # DFD-I-06-08-00072 under the Indefinite Quantity Contract (IQC) # DFD-I-00-08-00072 was \$9.4 million. The Task Order was issued to Management Systems International (MSI) to assist the HOO to carry out responsibilities in priority areas. Therefore, please replace the sentence “USAID awarded this \$26.6 million, 3-year contract to Management Systems International in September 2010.” with the sentence *“USAID awarded this \$9.4 million, 3-year Task Order to Management Systems International in September 2010.”*

The documents supporting the requested corrections were provided to SIGAR in course of its field work under the subject Special Project review.

cc: Robert Clark, Controller, USAID/Afghanistan
Daniel Wartko, U.S. Embassy/Kabul
OAPA Audit

This project was conducted
under project code SP-117.

SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

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