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Opening Statement

Rep. John F. Tierney, Ranking Member

Subcommittee on National Security

Committee on Oversight and Government Reform

Hearing on "Afghanistan: Identifying and Addressing Wasteful U.S. Government Spending."

April 3, 2014

Thank you, Mr. Chairman. And I want to thank both of our witnesses for appearing before us today. This is our third Subcommittee hearing this Congress on foreign assistance in Afghanistan, and I thank the Chairman for his diligence and attention to this topic. This Subcommittee has a long history of focusing on waste, fraud, and abuse of U.S. taxpayer funds in Iraq and Afghanistan, including during my tenure as Chairman of the Subcommittee, when I led an investigation into the Host Nation Trucking contract finding a vast protection network supporting insurgents and warlords.

Today's hearing will focus on oversight and management of U.S. Agency for International Development (USAID) projects and programs in Afghanistan, and I thank both panelists for being with us here today.

Mr. Chairman, at a Full Committee hearing on direct assistance nearly one year ago, I asked Special Inspector General John Sopko about a set of documents that he indicated raised significant concerns about the ability of the Afghan government to manage and account for funds that the U.S. planned to provide directly to it. The documents at issue were USAID assessments of thirteen Afghan ministries' public financial management systems performed by outside auditors. I asked whether Inspector General Sopko would be willing provide these assessments to the Committee, and he told us that he had been instructed by USAID not to provide them to Congress due to their markings as Sensitive But Unclassified (SBU). Inspector General Sopko testified that when he asked for an explanation for why these documents were marked Sensitive But Unclassified, he was told by USAID officials that the materials were "mainly embarrassing."

Mr. Chairman, based on my concerns at that time, I asked for the Committee to follow up on this matter. We supported your request for the agency's Inspector General to provide us with a set of unredacted documents. Shortly thereafter, USAID, in coordination with the State Department, provided the thirteen external assessments of Afghan ministries to the Committee.

In providing these documents in a redacted form, USAID indicated in an April 30, 2013 letter that the “Public disclosure of PII [Personally Identifiable Information] could threaten the lives and/or livelihoods of people named in these assessments or their associates.” It also cited Foreign Government Information, such as “information that could be misused to exploit, criminally or otherwise, vulnerabilities identified in these assessments.” USAID also claimed that “the release of the information in totality would have a damaging effect on United States Government relations with the Afghan government.”

USAID also offered to provide Committee staff with the opportunity to review full, complete, unredacted copies of the thirteen ministerial assessments at USAID’s offices, as the agency had previously provided to the Committee for other types of assessments.

This January, SIGAR released a report reviewing USAID’s the external as well as USAID’s internal assessments of Afghan ministries’ capacity to manage U.S. funds planned for direct assistance. This report found that none of the 16 Afghan ministries examined by outside auditors were able to manage U.S. funds, and that the auditors issued nearly 700 recommendations for corrective action. According to the report, USAID then conducted its own risk reviews of seven of the thirteen Afghan ministries and made 333 recommendations on how to mitigate the risk to USAID funds. Yet, the report goes on to state that USAID approved direct assistance at all seven Afghan ministries while only requiring 24 of the 333 recommendations to be implemented. While the report acknowledges that it did not examine the effectiveness of the USAID safeguards that are already in place nor did it determine whether any fraud has occurred, I look forward to a thorough discussion today of these decisions given the identified risk.

Just this week, the Committee received copies of USAID’s internal risk reviews of the seven Afghan ministries—documents critical to USAID’s decision to approve direct assistance. As a preliminary matter, although SIGAR appears to have redacted some information in these reviews, I would like to ask that before these documents are made a part of the public record, a proper review can be conducted to ensure that we are not endangering the lives of anyone. Since SIGAR offered USAID the opportunity to comment on proposed redactions on other agency documents, it only seems fair that they do so in this case as well.

These documents lay bare the substantial, if not seemingly insurmountable, risk of providing U.S. funds directly to the Afghan government. For instance, USAID’s internal risk review for the Afghan Ministry of Public Health found that the risk of “Diverting government resources for unintended purposes. Waste, fraud, and abuse may go undetected” as “critical”—the worst designation based on the likelihood and impact of the risk. Also listed as “critical” was “Manipulation of accounting information after approval and posting to hide illegal actions.”

It appears that USAID’s risk reviews and decision memos approving direct assistance also include a number of risk mitigation recommendations. I look forward to learning more about not only the true extent of the risk to taxpayer funding, but whether and how USAID can maintain current policy and manage and oversee these programs.

Thank you.