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# US aid may be flowing to Afghan insurgents: audit

By Dan De Luce (AFP) – 1 day ago

WASHINGTON — US aid money could be fueling corruption and inadvertently bankrolling insurgents in Afghanistan because the United States is unable to closely track the funds, a government audit said Wednesday.

The report by the Special Inspector General for Afghanistan Reconstruction said the effect of massive US funding was jeopardized by a lack of financial controls as well as a deep reluctance by Afghan authorities to prosecute corruption cases.

"US agencies have taken steps to strengthen their oversight of US funds, but the United States still has limited visibility over how these funds flow through the Afghan economy, leaving these funds vulnerable to fraud or diversion to insurgents," said the audit.

The findings come amid growing frustration in Washington over the corruption-plagued Afghan government and steadily declining public support for the nearly 10-year-old war.

The audit reviewed oversight of US aid converted to cash, including electronic payments to contractors, and assessed American efforts to bolster the Kabul government's regulation of commercial banks and informal hawala financial networks.

The report said that "given the amount of US cash that flows through the Afghan economy, it is imperative that the US government have robust measures in place to ensure that these funds are not used for fraud or diverted to insurgent networks.

"However, we found that agencies have not instituted sufficient controls over US funds," it said.

US agencies and Afghan banks do not record the serial numbers of cash handed out in Afghanistan to contractors, and US lead contractors are not prohibited from using unlicensed hawala networks to make payments, the report said.

"As a result, the US risks inadvertently funding activities that directly oppose its reconstruction goals for Afghanistan."

The audit found the Afghan government had stalled or refused to take action to stem corruption despite US assistance and advice, with the attorney general's office only following up on four of 21 leads in corruption cases.

In May, Afghan President Hamid Karzai barred US Treasury Department advisers from working at the country's central bank while negotiations with the International Monetary Fund were underway, the report said, citing Treasury officials.

"Subsequently, he (Karzai) decided that US government advisors were no longer welcome at DAB (central bank)," it said.

The US embassy had no plans to try to resume work with the central bank and Treasury officials described the central bank as "hostile" to American advisers, it said.

Afghan authorities have also held back US efforts to better control the flow of cash through Kabul's airport, with VIP figures allowed to avoid security searches.

"For example, passengers designated by the Afghan government as VIPs bypass the main security and customs screenings used by all other passengers and instead use a separate facility to enter the secured area of the airport," the report said.

Afghan officials have no plans to require the VIPs to have their cash scanned in electronic currency counters at the airport, it said.

Since 2002, the United States has spent more than \$70 billion on security and development assistance in Afghanistan.

US and allied troops now are starting a gradual withdrawal from Afghanistan that is due to be completed by 2015, but American officials have promised continued civilian aid and assistance beyond the deadline.

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