

WEEKLY ANALYSIS

Issue Number – 486
(August 10-14, 2025)

A LOOK AT THE LATEST SIGAR REPORT ON AFGHANISTAN



Weekly Analysis is one of the CSRS publications analyzing significant weekly political, social, economic, and security events in Afghanistan and the region. The prime motive behind this is to provide strategic insights and policy solutions to decision-making institutions and individuals in order to help them design better policies. Weekly Analysis is published in Pashto, Dari, English and Arabic languages.

In this issue:

- A Look at the Latest SIGAR Report on Afghanistan 3
- The Cessation of U.S. Assistance to Afghanistan 3
- Warnings Regarding the Termination of U.S. Aid and Humanitarian Risks in Afghanistan..... 4
- Alternative Sources of Assistance 5
- International Engagement and U.S. Priorities..... 6
- Social and Security Issues..... 6
- Other Sections of the Report 8
- Report Analysis..... 9
- Conclusion 11
- Recommendations 11
- References..... 12



A LOOK AT THE LATEST SIGAR REPORT ON AFGHANISTAN

Introduction

The Special Inspector General for Afghanistan Reconstruction (SIGAR) is an oversight body established in 2008 to monitor how U.S. aid to Afghanistan is spent. Over its 17 years of operation, SIGAR has issued 68 reports, including this final one, on the allocation, effectiveness, and tracking of U.S. assistance, as well as on corruption related to that aid.

This latest report comes at a time when all U.S. assistance to Afghanistan has ended, marking the conclusion of SIGAR's mission as well. The report is divided into five sections: the first focuses on U.S. assistance to Afghanistan, with the central theme being the complete cessation of American aid; the second addresses recent developments and key issues in Afghanistan; the third and fourth outline SIGAR's oversight activities; and the fifth introduces other U.S. government agencies involved in monitoring aid.

The following sections will examine the most significant parts of this report in more detail.

THE CESSATION OF U.S. ASSISTANCE TO AFGHANISTAN

One of the key issues extensively covered by SIGAR is the complete termination of U.S. assistance to Afghanistan. Shortly after Donald Trump assumed office as President of the United States, he issued an executive order titled "*Evaluation and Reorganization of United States Foreign Assistance*." Under this directive, a three-month review was to be conducted to assess whether U.S. foreign aid aligned with the government's foreign policy goals and national interests.

According to the U.S. Department of State, all ongoing foreign assistance programs for Afghanistan were deemed misaligned with U.S. policy objectives. As a result, except for three programs, namely the *Women's Scholarship Endowment*, *Support for Student Success in Afghanistan*, and *Funding for the UN Office on Drugs and Crime's opium survey of Afghanistan (operating from Austria and Uzbekistan)*, all U.S. aid programs for Afghanistan were permanently and completely shut down.

SIGAR's findings indicate that even emergency food assistance to Afghanistan, which had previously been exempt from such cuts, was halted by the State Department to minimize the influence of the Taliban (referred to in the report as the "Islamic Emirate").

The report also examines the integration of USAID into the U.S. Department of State, describing the process as complex and opaque, particularly regarding contract terminations, the transfer of incomplete projects to other international organizations, the auditing process, and the handover of agency assets.



A notable point raised by SIGAR concerns allegations that assets funded by the United States were seized by the Islamic Emirate. While such claims have been made, SIGAR states that there is no conclusive evidence to suggest that the Islamic Emirate formally requested the seizure of these assets. Nevertheless, the report asserts that given the large volume of assets and the short timeline for their transfer, there was palpable pressure from the Islamic Emirate. In some cases, SIGAR alleges that armored vehicles and sensitive security equipment were forcibly confiscated.

Recent Developments

Under the section on recent developments, the SIGAR report addresses several topics: warnings about the humanitarian risks following the cessation of U.S. aid; potential alternative sources of assistance; Afghanistan's international engagements; U.S. strategic priorities in the country; key quarterly highlights; terrorist groups; the economy; narcotics production; and other related issues, each of which is discussed in the following sections.

WARNINGS REGARDING THE TERMINATION OF U.S. AID AND HUMANITARIAN RISKS IN AFGHANISTAN

In the past three months, the United Nations has warned that the termination of U.S. assistance to Afghanistan has created a "significant gap" in the country's humanitarian budget. As a result, the UN Office for the Coordination of Humanitarian Affairs (OCHA) has reduced its targeted support from 22.9 million people to 12.5 million who are in the most urgent need.

According to UN Secretary-General António Guterres' report on the situation in Afghanistan, the Afghan population faces multiple challenges, including widespread poverty, unemployment, limited access to basic services, recurrent natural disasters, and, citing the report, strict governance under the Islamic Emirate. Guterres noted that the reduction in foreign aid funding has "exacerbated the dire economic situation of millions of Afghans." In 2024, the United States was the largest donor to the Humanitarian Response Plan, contributing USD 736.6 million, about 45 percent of the total requested budget. In the first quarter of the current year, before halting and eventually ending its assistance to Afghanistan, the U.S. had contributed over USD 30 million toward the USD 2.42 billion appeal. Now that U.S. aid has ceased, there is virtually no alternative source to fill the gap.

The SIGAR report provides a detailed account of studies illustrating the severity of Afghanistan's humanitarian crisis. One referenced study shows that countries receiving the highest per capita USAID funding saw a 15 percent reduction in mortality across all age groups and a 44 percent decline in infant mortality. Afghanistan, which ranked among the top recipients of such aid, experienced an 18 percent reduction in all-cause mortality between 2001 and 2021. The study also found that USAID funding was strongly associated with reduced



deaths from diarrheal diseases, nutritional deficiencies, lower respiratory infections, and maternal mortality, conditions to which 21 percent of Afghanistan's population remains highly vulnerable.

The report further highlights that 12.6 million Afghans suffer from acute food insecurity, with 90 percent of young children living in food poverty, lacking sufficient nutrition for growth and development. An estimated 3.5 million children suffer from severe wasting, facing critical health complications and increased mortality risks. Based on these findings, the cessation of U.S. aid is expected to significantly worsen this situation.

International agencies cited by the SIGAR report severe consequences across multiple sectors. The World Food Program (WFP) has warned that the end of U.S. funding could amount to "a death sentence" for millions facing extreme hunger and famine. According to the World Health Organization (WHO), 422 health facilities under its management have closed since the withdrawal of U.S. support, affecting 3.08 million people across 30 provinces. The United Nations Population Fund (UNFPA) estimates that 6.9 million women and children have been affected by the U.S. decision to cut funding to the agency; in May, UNFPA announced it could no longer support 500 of its 900 clinics. Médecins Sans Frontières (MSF) likewise reported that without U.S. funding, its ability to provide services has been sharply curtailed.

Finally, SIGAR draws attention to the issue of returning refugees. A sharp increase in repatriations from Iran and Pakistan has placed additional strain on Afghanistan's already fragile humanitarian landscape.

ALTERNATIVE SOURCES OF ASSISTANCE

The SIGAR report also examines potential alternative sources of funding to offset the gap created by the cessation of U.S. aid. The first actor to commit to partially assuming this burden was the European Union (EU). In June, senior EU officials met with representatives from Gulf Cooperation Council states, G7 partners, the United Nations, the World Bank, and Afghan civil society representatives. During the meeting, participants emphasized the need to scale up assistance to Afghanistan.

At this session, the European Commission, the EU's main executive body, announced that in 2025 it would provide €161 million in humanitarian aid to support the most vulnerable Afghans, as well as Afghan refugees in Pakistan and Iran. In the absence of U.S. engagement, the EU has also launched a new initiative for engagement with Afghanistan to address the country's humanitarian crisis, proposing a new framework referred to as the "*Comprehensive Approach*."



In this context, the United Nations has established technical working groups in Doha focused on private sector initiatives and counter-narcotics efforts in Afghanistan. These groups included representatives from various international organizations, the Islamic Emirate, and UN member states, including the United States, which sent “technical-level” delegates.

INTERNATIONAL ENGAGEMENT AND U.S. PRIORITIES

According to the SIGAR report, the Islamic Emirate has lobbied for recognition and integration into the global economy. However, certain policies, particularly those affecting women, have hindered Afghanistan’s acceptance within the international community. Recognizing that non-engagement is not a sustainable option, the UN Security Council has approved an independent assessment to identify the best strategies for Afghanistan’s reintegration into the international system.

From SIGAR’s perspective, the situation remains at an impasse due to the Islamic Emirate’s unwillingness to fully adhere to international norms. While the United States has moved toward minimizing its engagement with Afghanistan, some regional countries have pursued more open relations, with Russia becoming the first state to formally recognize the Islamic Emirate’s government.

U.S. policy toward Afghanistan is now largely confined to reducing terrorist threats and securing the release of American citizens detained in the country. As stated in the report: *“The Department of State told SIGAR that the Trump administration’s highest priority is to protect U.S. national security and ensure the safety of Americans.”* The State Department stressed that the United States cannot, under current conditions, particularly while American citizens remain detained by the Islamic Emirate, consider steps toward normalizing relations.

Following the negotiated release of two hostages, the U.S. State Department called on the Islamic Emirate to end what it described as “hostage diplomacy,” warning that failure to release other detainees, specifically referring to Shah Mahmood Habibi, would result in severe consequences.

SOCIAL AND SECURITY ISSUES

In subsequent sections, the SIGAR report addresses, separately, several key topics, including the situation of women and girls, terrorist groups, the economy, and counternarcotics efforts. The following provides a concise overview of each.

In the section on women, SIGAR reiterates the general U.S. stance on women’s rights and expresses dissatisfaction with the Islamic Emirate’s approach toward women. The report



underscores that the termination of U.S. assistance to Afghanistan disproportionately harms women more than any other group in the country.

Regarding terrorist groups, SIGAR states that multiple such organizations remain active in Afghanistan. The most significant include ISIS-Khorasan (ISIS-K), Tehrik-i-Taliban Pakistan (TTP), al-Qaeda, and various armed opposition groups. According to SIGAR, ISIS-K constitutes the most serious transnational terrorist threat and the most significant security challenge to the Islamic Emirate, operating in provinces such as Kunar, Badakhshan, and Nuristan. However, its activities have reportedly declined compared to previous years.

The TTP is another active group, with UN estimates, cited by SIGAR, placing its fighters between 6,000 and 6,500, mainly based in eastern Afghanistan and conducting cross-border attacks against Pakistan. Al-Qaeda is also reported to have a presence in Afghanistan; according to the UN sanctions monitoring team, the group currently has between 30 and 60 members in the country, including 12 senior leaders. Other reports suggest that al-Qaeda is in the process of reconstituting its networks in Afghanistan.

The report also names other armed opposition groups, such as the Freedom Front and the National Resistance Front. While these groups have not posed a significant threat to the Islamic Emirate's overall control or territory, they have carried out occasional attacks against the authorities.

Regarding the Islamic Emirate's security forces, SIGAR notes that they are reorganizing their capabilities using equipment left behind, although it emphasizes that without continued technical and logistical support, their ability to operate this equipment will diminish over time.

Economy

In its economic analysis, SIGAR references World Bank reports describing Afghanistan's economic growth as slow. The Afghan currency, the afghani, is assessed as relatively stable, and inflation is characterized as moderate.

On revenue, the report states that the absence of formal auditing makes it difficult to determine the Islamic Emirate's precise budgetary inflows and expenditures. However, World Bank data estimates the Emirate's total revenues for the first quarter of 2025 at AFN 59.1 billion—a 12 percent increase compared to the previous year. Expenditures were reported as lower than the previous year, largely due to reductions in salaries resulting from downsizing both civilian and security personnel.

The report highlights the role of remittances and UN cash shipments, noting that packages of USD 80 million are sent to Afghanistan every 10 to 14 days. These inflows have played a major



role in stabilizing the afghani. While this stabilization benefits the broader economy, SIGAR observes that it also indirectly benefits the Islamic Emirate.

On economic development, SIGAR notes various initiatives pursued by the Islamic Emirate, including multiple economic contracts and the extension of the TAPI gas pipeline within Afghan territory, viewing them as important for national development.

In counternarcotics, SIGAR cites reports confirming a decline in opium production but also notes the economic pressures this has placed on farmers.

OTHER SECTIONS OF THE REPORT

The third and fourth sections of the SIGAR report focus on issues related to the conclusion of the agency's mission. Section Three covers SIGAR oversight activities, lessons learned, key events, investigations, budget, and staff matters. The most prominent element in this section is the "lessons learned" segment, in which, based on its years of oversight experience, SIGAR offers recommendations to the U.S. government and Congress for future operations.

SIGAR notes an ongoing project examining the challenges donors, the UN, and NGOs face in delivering aid to vulnerable populations in Afghanistan under Taliban control. This project also analyzes similar efforts in other contexts, including Gaza, South Sudan, Sudan, Syria, and Yemen, to identify best practices. The final report will address how the United States, other donor countries, and multilateral organizations such as the UN and World Bank respond to changes in undemocratic regimes in major aid-recipient countries. It will also offer recommendations on how donors, the UN, and NGOs can better understand and mitigate interference and diversion to ensure more effective aid delivery.

Section Four addresses topics such as the highlights of SIGAR's closure, seven key questions for policymakers, the sustainability of U.S. reconstruction efforts, corruption, threats to reconstruction, and the issue of "ghost soldiers."

Among the seven questions posed, many illustrate how flawed the U.S. reconstruction approach in Afghanistan was. For instance, one question asks whether the recipient country truly wants or needs the project to be implemented. SIGAR argues that the United States failed to understand Afghanistan's actual needs. As an example, five Afghan Border Police facilities costing USD 26 million were found to be either vacant or repurposed for unrelated uses—one had even been converted into a poultry farm.

In discussing sustainability challenges, SIGAR asserts that a lack of long-term viability undermined all reconstruction efforts, resulting in the waste of billions of dollars in U.S. aid. By



the time of the U.S. withdrawal, a total of USD 89.4 billion had been spent on building, training, equipping, and supporting Afghan security and defense forces, yet the Afghan government was unable to sustain them, leading to their collapse. The same was true in the civilian sector.

SIGAR further criticizes the reconstruction effort for lacking reliable data to assess impact and sustainability, filling this gap instead with competing narratives and assumptions about the success of U.S. interventions.

In the section titled *“Corruption Threatened Reconstruction”*, the report emphasizes that corruption undermined the entire U.S. mission in Afghanistan, particularly efforts to develop an effective government and capable security forces. SIGAR contends that there was no genuine political will to control corruption and that donor countries, including the United States, were not without blame for Afghanistan’s descent into systemic corruption. U.S. officials exacerbated the problem through short-sighted policies, such as rapidly flooding Afghanistan’s weak economy with large sums of money under minimal oversight, engaging with corrupt actors, failing to establish strong monitoring and evaluation systems, and neglecting to apply sustained pressure on the Afghan government to implement critical reforms.

The final major issue highlighted in the report is the phenomenon of “ghost soldiers,” whereby salaries were collected for nonexistent personnel. This not only wasted resources but also contributed directly to Afghanistan’s collapse.

REPORT ANALYSIS

Over sixteen years, SIGAR has submitted a total of eighty-six reports to the United States Congress on how U.S. aid to Afghanistan has been spent. These reports have consistently contained errors, overstatements, and exaggerations, trends that are even more pronounced in the most recent report. In the section concerning the termination of U.S. assistance to Afghanistan, SIGAR commits a miscalculation in assessing the actual impact of American aid. As indicated, the report gives the impression that, with the continuation of the U.S. aid cutoff, more than ten million people in Afghanistan face imminent destruction.

While it is undeniable that international aid, including that from the United States, has had positive effects in Afghanistan, the notion that the survival of the Afghan people depends solely on U.S. assistance is entirely unrealistic and disconnected from the country’s lived realities. Afghans have endured far harsher conditions over the past forty years than the present circumstances, and this period, too, will pass. Admittedly, the current situation is difficult and warnings should not be dismissed, but SIGAR’s tendency to exaggerate and present Afghanistan’s condition as catastrophic appears to be driven more by political considerations



and the desire to apply pressure on the Islamic Emirate and the Afghan people than by an objective assessment of facts.

In its treatment of recent developments, SIGAR either overlooks or deliberately underrepresents some of the Islamic Emirate's most significant achievements over the past four years. While the report portrays the Emirate's policies as the principal obstacle to expanding Afghanistan's international engagement, it makes no mention of the unrealistic demands placed upon the Emirate by external actors. Likewise, it downplays the steady expansion of the Emirate's regional engagement, dismissing milestones such as formal recognition by Russia and the exchange of ambassadors with several countries as minor and inconsequential in the context of an active foreign policy.

Regarding U.S. priorities in Afghanistan, SIGAR suggests that Washington's current objectives are narrowly security-focused. Yet one must ask: when, in the past half-century, has the United States pursued any objective in Afghanistan other than security? For decades, America's underlying aim has remained the same, with only the tools and tactics evolving. Today, under the pretext of counterterrorism and the protection of its citizens, the United States continues to pursue those same longstanding goals through different means.

On the issue of terrorist groups, SIGAR deliberately names a few organizations operating in Afghanistan in a way that portrays the country as a breeding ground for terrorism, thereby justifying continued U.S. interference. In the economic domain, the report makes no substantive mention of Afghanistan's economic achievements over the past four years. Apart from a brief and weak reference to the Emirate's development initiatives, dismissing their tangible impact, it attributes the stability of the Afghan currency primarily to cash infusions from the United Nations.

In other sections, particularly in reviewing shortcomings, SIGAR adopts a seemingly balanced approach. It rightly acknowledges that a significant portion of U.S. aid was lost to domestic corruption and that Washington disbursed funds without a realistic strategy. However, it omits discussion of the extent to which the United States itself fostered corruption in Afghanistan and how a considerable share of aid money ultimately found its way back into American hands.

Although SIGAR was established as an oversight body to assess the effectiveness, evaluate the impact, and detect corruption in U.S. aid to Afghanistan, and has submitted sixty-eight reports to Congress, none of its findings have succeeded in altering U.S. policy in the country. As the latest report itself notes, American aid has long been squandered without achieving its intended results. This fact has been acknowledged in earlier reports as well, yet none have succeeded in changing the U.S. approach to aid distribution in Afghanistan. The current report, which seeks to paint a dire picture of Afghanistan following the cutoff of U.S. assistance, is



similarly unlikely to alter the nature or substance of U.S. policy. This is because policy toward Afghanistan is not shaped in the halls of Congress but in the rooms of the White House, a fact that history has repeatedly confirmed. If the decision-makers in the White House conclude that resuming aid aligns with their interests, such assistance will undoubtedly be reinstated, just as they have now decided otherwise.

CONCLUSION

SIGAR has released its final report, marking the end of its reporting on Afghanistan. The United States, once the largest donor to Afghanistan, funding nearly every aspect of life in the country, as even noted in the report, no longer provides even a single dollar in assistance. While the report portrays significant risks and threats to the Afghan people following the cessation of U.S. aid, this development, despite its immediate challenges, also sparks a sense of hope.

Over the past twenty-five years, Afghanistan has become heavily dependent on foreign resources, a dependency that has, in part, crippled segments of the Afghan economy and stifled its dynamism. The termination of U.S. assistance will undoubtedly impose short-term hardships, as the country is forced through a transition from dependency toward self-sufficiency. Yet, the ultimate benefit lies in Afghanistan freeing itself from reliance on external resources altogether.

Afghanistan is endowed with abundant natural resources; the key requirement is the presence of a strong will and determination to harness them. As the report itself emphasizes, the primary cause of the collapse of the former Afghan government was corruption. While foreign actors, as partially acknowledged in the report, played a role in perpetuating this corruption, the principal responsibility rests with Afghans themselves. Corruption is the termite that erodes the foundations of development and progress. The greatest lesson, both from this report and from history, is that corruption must be eradicated at its roots.

RECOMMENDATIONS

To ensure a more positive outlook, the following recommendations are offered:

1. **Mitigation of Immediate Impacts:** The Islamic Emirate should adopt urgent measures to reduce the immediate and adverse effects of the cessation of U.S. aid, with a priority focus on supporting those who have been heavily dependent on external assistance.
2. **Employment Generation:** The Islamic Emirate should implement programs aimed at creating jobs to reduce poverty and decrease the population's dependency on external resources.



3. **Combating Corruption:** The complete eradication of corruption must be prioritized as one of the key drivers of national development.
4. **Economic Independence through Investment:** As already stated in existing policy agendas, but worth reaffirming, the Islamic Emirate should intensify efforts to attract and facilitate investment to foster economic growth and free the nation from reliance on foreign aid. All necessary conditions to encourage such investments must be proactively established.

REFERENCES

¹. July 30, 2025 Quarterly Report to Congress. Page 6. Available at: <https://www.sigar.mil/Reports/Article-Display/Article/4260116/july-30-2025-quarterly-report-to-congress/>

¹. Ibid. p 18.

¹. Ibid, p 19.

¹. Ibid, p

¹. Ibid, pp 25-32.

¹. Ibid., p 44.

¹. Ibid., p 52.

The Centre for Strategic and Regional Studies (CSRS) is an independent, non-profit, and non-governmental research organization established in July 2009 in Kabul. CSRS is committed to promoting policy-oriented research through conducting authentic and unbiased research concerning Afghanistan and the region.

Contact Us:

Email: info@csrsaf.org

Website: www.csrsaf.org

Phone & WhatsApp: +93780618000



www.csrsaf.org



info@csrsaf.org