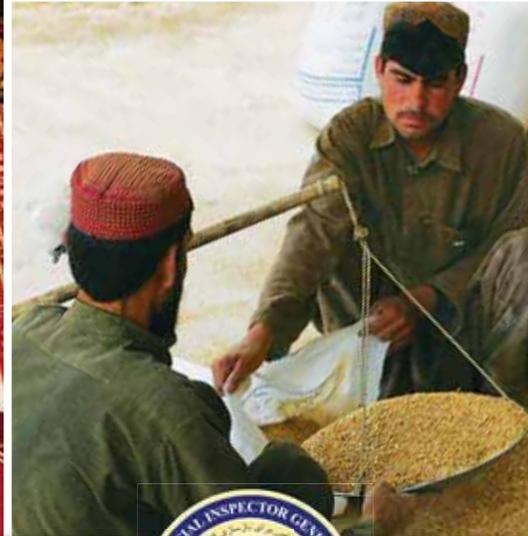


# SIGAR

Special Inspector General for  
Afghanistan Reconstruction

JULY 30  
2010



QUARTERLY REPORT TO THE UNITED STATES CONGRESS



**Cover Captions (clockwise from left):**

**Tribal and religious leaders** gather in Kandahar to discuss a range of local issues in June. Earlier in the month, the GIRoA hosted the three-day Peace Jirga, at which some 1,600 religious scholars, tribal leaders, civil society organization leaders, Afghan refugees, and government representatives discussed ways to end violence and achieve lasting peace in Afghanistan. (U.S. Navy photo)

**An Afghan soldier** from the ANA's Close Support Kandak participates in the first-ever joint engineering task with the 21st Regiment of the British Army's Royal Engineers. The combined teams are working on infrastructure projects at Patrol Base Rahim in Nahr-e Saraj, Helmand. (ISAF photo)

**Fifteen Afghan women attend** a workshop in journalism held at Herat University. The workshop was promoted by the Herat PRT this quarter. (ISAF photo)

**Two Afghans measure** grain to sell at the Koru Chareh Bazaar in Marjah in May. Since the initial fighting to take the city from insurgent control, residents have returned to their homes, and the marketplace—the hub of the community—has reopened. (U.S. Marine Corps photo, LCpl James Clark)

# SIGAR

Special Inspector General for  
Afghanistan Reconstruction

JULY 30  
2010

## **The National Defense Authorization Act (P.L. 110-181) established the Special Inspector General for Afghanistan Reconstruction (SIGAR).**

SIGAR's oversight mission, as defined by the legislation, is to provide for the independent and objective

- conduct and supervision of audits and investigations relating to the programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.
- leadership and coordination of, and recommendations on, policies designed to promote economy, efficiency, and effectiveness in the administration of the programs and operations; and prevent and detect waste, fraud, and abuse in such programs and operations.
- means of keeping the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such programs and operation and the necessity for and progress on corrective action.

Afghanistan reconstruction includes any major contract, grant, agreement, or other funding mechanism entered into by any department or agency of the U.S. government that involves the use of amounts appropriated, or otherwise made available for the reconstruction of Afghanistan.

Source: P.L. 110-181, "National Defense Authorization Act for FY 2008," 1/28/2008.

# ISLAMIC REPUBLIC OF AFGHANISTAN





SPECIAL INSPECTOR GENERAL FOR  
AFGHANISTAN RECONSTRUCTION

July 30, 2010

I am pleased to submit SIGAR's quarterly report to Congress on the U.S. reconstruction effort in Afghanistan. This report documents SIGAR's activities and provides an update on the status of reconstruction programs in Afghanistan for the quarter ending June 30, 2010.

SIGAR's auditors and investigators had a productive quarter. We issued 4 audit reports and announced 5 new audits, bringing the total number of ongoing contract, performance, and forensic audits to 18. SIGAR opened 27 new investigations and closed 14 cases, bringing the number of ongoing investigations to 55. We participated in a number of joint investigations, including one in which two Afghan companies have pleaded guilty to bribery. SIGAR also collaborated with other federal law enforcement agencies to investigate the sources of bulk cash shipments leaving Afghanistan through the Kabul airport.

In the past year, SIGAR has produced 24 reports, including audits of construction contracts and project management as well as performance reviews of large programs, such as the \$627 million that the Congress has earmarked for Afghan women and girls. As I testified on two occasions this quarter—once before the Commission on Wartime Contracting and once before the State, Foreign Operations Appropriations Subcommittee of the House of Representatives—our work has made me increasingly concerned about four issues that are impeding the reconstruction effort.

- lack of accountability and insufficient oversight by implementers
- inadequate attention to metrics
- inadequate attention to sustainability
- insufficient capacity building in Afghan institutions

SIGAR's work has identified a number of areas where implementing agencies could improve their ability to monitor projects and better account for reconstruction dollars. For example, U.S. agencies have no shared database of reconstruction contracts. Despite the recommendations of our audit last year, the United States still lacks an integrated management information system that would help agencies coordinate projects and track completed, ongoing, and planned reconstruction activities. Implementing agencies need accurate and timely information to ensure appropriate oversight.

We must establish better metrics to use in determining whether a program is sustainable. This quarter, we found that the Capability Milestone rating system, which had been used since 2005 to measure the progress of the Afghan security forces, was unreliable. This audit underscored the critical need for good metrics. Similarly, our audit of the energy sector found that the U.S. government did not have an effective way to track progress toward delivering more electricity to the Afghan people.

We must also give much greater thought to sustainability: all of SIGAR's audits of infrastructure projects have identified operations and maintenance issues. For example, the Government of the Republic of Afghanistan is not yet able to operate and maintain any of the facilities that have been built to house the Afghan security forces. To protect our investment, the U.S. government is awarding two contracts—totaling \$800 million—to provide operations and maintenance for more than 650 security force facilities over the next five years. SIGAR is seeing similar sustainability issues throughout the reconstruction effort.

I am also concerned that we have not done enough to build the Afghans' capacity to manage their government and develop their economy. U.S. implementing agencies must include robust capacity-building measures in every reconstruction program. The U.S. Department of State is taking steps to address this problem through its civilian surge and by channeling more reconstruction dollars through Afghan institutions. A key component of SIGAR's mission is to provide oversight of this crucial effort.

Last February, in just our 16th month of funded operations, I asked the Council of the Inspectors General on Integrity and Efficiency (CIGIE) to conduct an early peer review of SIGAR. A peer review typically occurs after the third year of operations, but I requested this early review so that we could quickly benefit from the input of our peers and enhance our ability to conduct effective oversight. In July, CIGIE concluded its review. Our Audit Directorate passed the review with deficiencies, and we are implementing CIGIE's recommendations to correct them. The CIGIE review found that the Investigations Directorate was not yet in full compliance with certain administrative requirements, but CIGIE concluded that our implementation of new policies and procedures is likely to result in full compliance in the near future.

The United States is in its ninth year in Afghanistan, implementing an extensive reconstruction program in a dangerous, difficult, and rapidly changing environment. The United States and its coalition partners are trying to simultaneously provide security, build governing institutions, and promote economic development so that military forces can be drawn down a year from now. Because of the complexity of this effort, it is critical to identify systemic problems quickly.

As our work this quarter demonstrates, SIGAR is providing real-time oversight of individual projects as well as of the systems that underpin the entire reconstruction effort. We will continue to conduct the broad range of contract, performance, and forensic audits needed to detect and prevent the waste, fraud, and abuse of funds appropriated for the reconstruction of Afghanistan.

Very respectfully,

A handwritten signature in black ink, appearing to read "Arnold Fields". The signature is fluid and cursive, written over a white background.

Arnold Fields

Special Inspector General for Afghanistan Reconstruction



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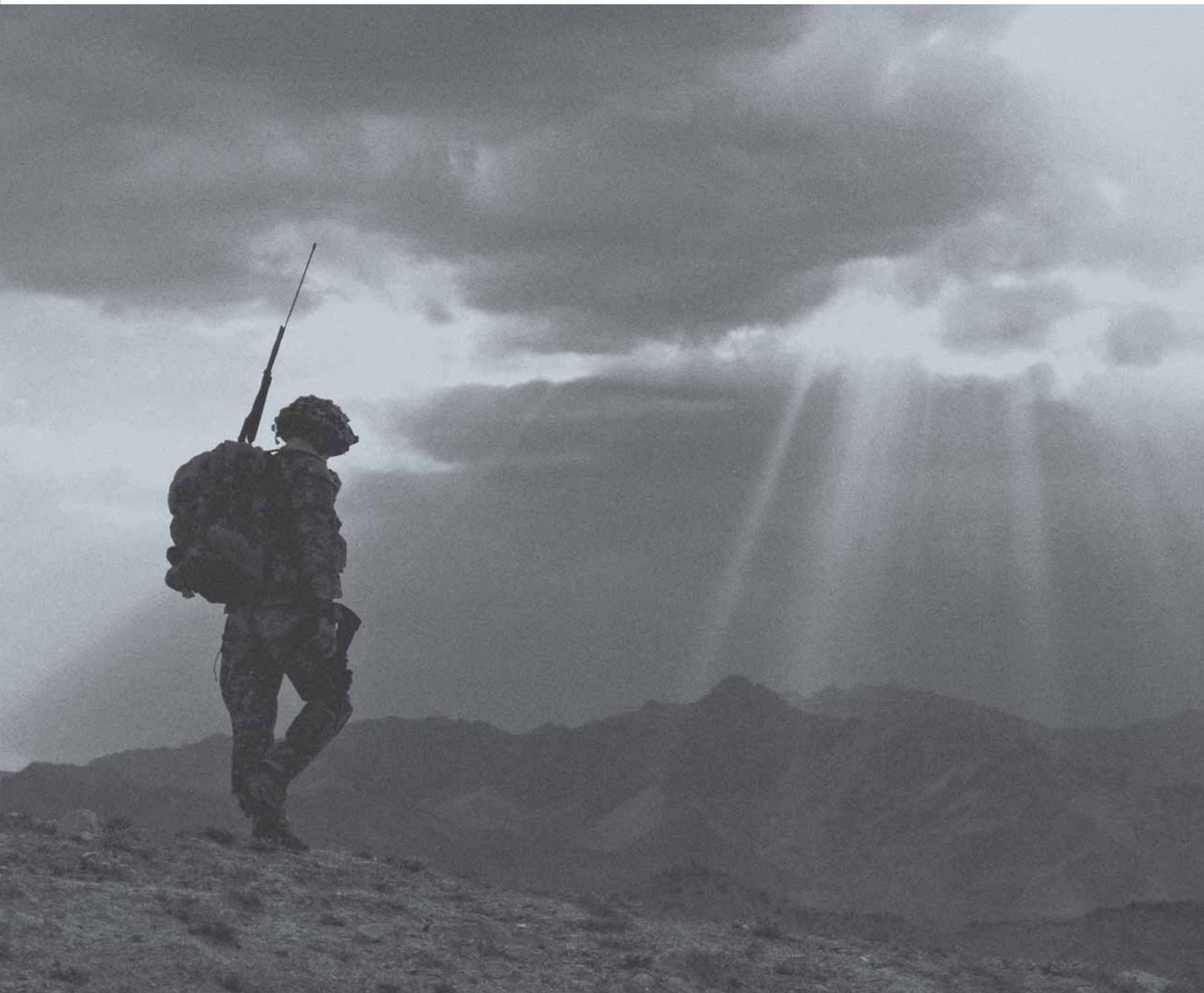
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**Moving forward**

A U.S. soldier travels to the village of Paspajak in Logar province in June. The new Afghan reconstruction plan puts Afghan security forces in charge of military operations throughout the country by 2014.

(U.S. Army photo, SGT Russell Gilchrest)

# 1 AFGHANISTAN OVERVIEW



“The Afghan government can guarantee security only when its people are confident in its ability to deliver public services, good governance, human rights protection—including gender equality—and economic opportunities.”

—*Kabul Conference Communiqué*

Source: Kabul Conference, “Communiqué,” 7/19/2010.

## AFGHANISTAN OVERVIEW

This reporting period, concerns mounted over the pace of the reconstruction effort in Afghanistan, now in its ninth year. A sense of urgency pervades both Afghanistan and the international community: the Government of the Islamic Republic of Afghanistan (GIROA) must take more responsibility for the country's future. The success of the U.S. and international strategy for reconstruction rests on the GIROA's ability to independently provide for the nation's security and lead sustained economic development.

The GIROA took an important step toward achieving these goals by developing a new reconstruction plan, which the international community endorsed at the Kabul Conference on July 20. At this conference, the largest ever hosted in Afghanistan, representatives from more than 60 countries and a dozen international organizations gathered to realign the international reconstruction effort with Afghan priorities.

U.S. Secretary of State Hillary Clinton called the conference "a milestone in a long and difficult journey." At the same time, she cautioned that the road ahead would not be easy: it will be necessary to honestly assess the progress made, identify the gaps between expectations and performance, and resolve to close those gaps. Closing those gaps will require robust oversight of the reconstruction program.

### **KABUL CONFERENCE STREAMLINES RECONSTRUCTION PRIORITIES**

The Kabul Conference delegates endorsed a new, three-year Prioritization and Implementation Plan, which builds on the 2008 Afghanistan National Development Strategy. The new plan establishes Afghan national priorities in five critical areas:

- security
- governance and the rule of law
- economic and social development
- reconciliation and reintegration
- regional cooperation

The international participants at the conference agreed to realign their assistance to advance Afghanistan's priorities and supported the goal of channeling at least 50% of their aid through the GIROA's budget within two years. This commitment is contingent on the GIROA successfully implementing reforms

# AFGHANISTAN OVERVIEW



**Delegates from more than 60 countries** take part in the International Conference on Afghanistan, co-hosted by the GIRoA and the UN. The Kabul Conference endorsed Afghan-led programs aimed at improving development, governance, and security. (UNAMA photo)

“The Afghan people have charted a comprehensive strategy for their future. Their plans are detailed, practical, and reflect a great deal of work and consultation. And we are here as representatives of individual nations and as members of the global community to offer our support and align our resources behind Afghan goals and Afghan policies.”

—*U.S. Secretary of State  
Hillary Clinton*

Source: DoS, “Remarks: Secretary of State Hillary Rodham Clinton, Intervention at the Kabul Conference,” 7/20/2010.

to strengthen public management systems, reduce corruption, improve budget execution, and increase revenue collection to finance critical national programs.

The Kabul Conference underscored how much the U.S. reconstruction strategy has evolved over the last two years—from one that primarily bypassed the Afghan government by funding reconstruction projects through private contracts, cooperative agreements, and grants, to one that channels funds through the Afghan government. To do this effectively and to protect these funds from waste and corruption, Afghanistan’s public institutions must be greatly strengthened.

In this rapidly changing environment in which the United States is spending large sums of money, oversight bodies must quickly identify systemic problems so that implementing agencies can adjust programs before tax dollars are wasted. To provide effective oversight, SIGAR is conducting a broad mix of contract, program management, and performance audits that focus on the use of U.S. funds in the newly realigned priority areas of the reconstruction effort.

## SECURITY

More than \$25 billion—about half of all U.S. reconstruction dollars spent in Afghanistan since 2001—has been appropriated for the Afghan Security Forces Fund (ASFF) to train, equip, and house the Afghan National Security Forces (ANSF). The Administration’s requests for the FY 2011 appropriation and the FY 2010 supplemental appropriation include an additional \$14 billion to increase the troop strength of the Afghan National Army to 171,600 and the Afghan

# AFGHANISTAN OVERVIEW

National Police to 134,000 by October 2011—a 30% increase from current security force levels.

Under the current U.S. strategy for securing and stabilizing Afghanistan, the United States will begin to withdraw its military forces in July 2011. U.S. officials have said the rate of this withdrawal will depend on conditions in Afghanistan; however, the Afghan Prioritization and Implementation Plan established a timeline that would put Afghan security forces in charge of military operations throughout the country by 2014. The success of both U.S. and Afghan plans depends on the success of efforts to build the capability of the Afghan army and police forces to provide security. As of June 30, 2010, the U.S. Department of Defense (DoD) has allocated nearly \$5.75 billion for the infrastructure projects needed to house and train the ANSF.

This quarter, SIGAR issued three audits related to efforts to build the capability of the ANSF:

- an evaluation of the Capability Milestone (CM) rating system
- a review of construction to build a garrison for the ANA in Farah province
- a review of construction of an ANP compound in Kandahar

When SIGAR began its audit of the CM rating system, the CM was the primary metric for measuring the development of the ANSF. SIGAR found that the system, which had been in use since 2005, could not provide a reliable or consistent assessment of the capabilities of the ANSF. In early March, SIGAR auditors briefed military commanders on their findings. In late April, the International Security Assistance Force (ISAF) Joint Command replaced this system with a new, unit-level assessment. It is too early to assess the new system, but SIGAR's findings and recommendations pertain to any system designed to evaluate the operational effectiveness of the ANSF. The United States and the GIRoA must have a reliable way to measure the progress of the ANA and the ANP if they are to achieve their goal of transferring responsibility for the security of Afghanistan to the ANSF. Section 2 of this report provides a summary of this audit.

SIGAR's audits of the ANA garrison in Farah province and an ANP compound in Kandahar identified a number of problems, including inadequate project planning and insufficient quality assurance, that have resulted in project delays and cost increases. For example, the ANA garrison at Farah was built in two phases, both of which were more than a year behind schedule at the time SIGAR completed its audit. The estimated cost of phase one—\$29.4 million—had increased by about 30%.

Similarly, construction of the four facilities that constitute the Joint Regional Afghan Security Forces Compound (JRAC) in Kandahar experienced delays ranging from six months to two years. Moreover, the U.S. Army Corps of Engineers (USACE), which was responsible for the contract, did not have a master plan that integrated the four projects. Consequently, the JRAC has some redundant power, water, and sewer systems, as well as a variety of heating and cooling systems. In addition, the armory was placed next to the barracks, unnecessarily posing a potential danger to security forces stationed at the JRAC. Section 2 of this report provides summaries of both of these SIGAR audits.

# AFGHANISTAN OVERVIEW

SIGAR has four ongoing audits in the security sector. Two are assessing three infrastructure contracts to build eight ANSF facilities. One is reviewing the process that the United States, its coalition partners, and the GIRoA are using to determine how many ANA and ANP facilities are needed and where these facilities should be built. SIGAR's fourth audit is evaluating the ANP's personnel management systems. As part of this work, SIGAR will identify the sources of funding for ANP salaries and the extent to which the ANP has systems in place to mitigate the risks of fraud, waste, and abuse.

## GOVERNANCE AND THE RULE OF LAW

Both the U.S. strategy and the Afghan Prioritization and Implementation Plan emphasize the need to improve governance and strengthen the rule of law at every level—from Kabul to the provincial capitals and rural communities. The communiqué released at the close of the Kabul Conference underscored that need: “Good governance, the rule of law, and human rights form the foundation of the strategy to achieve a stable and prosperous Afghanistan. Improvements in these areas should not only increase the confidence of the Afghan people in their own future, but also underpin security improvements and social developments.”<sup>1</sup>

The GIRoA pledged to take action on numerous issues to improve governance, including strengthening local institutional capacity, combating corruption, and implementing electoral reform. The U.S. government is relying on an influx of civilians to assist Afghans. Since the beginning of this year, the Department of State (DoS), in coordination with other U.S. departments and agencies, has tripled the number of civilian experts deployed to help build Afghan capacity. According to Ambassador Richard Holbrooke, Special Representative for Afghanistan and Pakistan, these civilians “are engaged in a range of activities, from rebuilding Afghanistan’s once vibrant agriculture sector, to working with key Afghan ministries to improve the provision of health, education, justice, and other services outside of provincial capitals.”<sup>2</sup>

The success of the U.S. strategy depends on the ability of these civilians to work with their Afghan counterparts to design, implement, and oversee reconstruction projects. SIGAR is conducting an audit of the civilian surge to identify the number and types of personnel who are being deployed throughout Afghanistan and to assess the extent to which these civilians are able to work with their Afghan counterparts to advance U.S. strategic and programmatic reconstruction goals. In July 2010, SIGAR and the DoS Office of Inspector General agreed to conduct portions of this audit jointly.

## Corruption

Corruption continues to be of serious concern to both international donors and Afghan citizens. Because the United States is committed to provide more funding assistance through Afghan ministries, these ministries must have the capability to account for this funding. SIGAR will be looking closely at the steps taken by

# AFGHANISTAN OVERVIEW

U.S. agencies to help ensure that donor funds channeled through the GIRoA are reasonably protected from waste, fraud, and abuse.

More than a year ago, SIGAR initiated a series of audits to determine the following:

- what the United States and other donor countries are doing to build the capacity of Afghan institutions to deter corruption and strengthen the rule of law
- the extent to which Afghan institutions that receive significant U.S. funding have the systems in place to account for donor funds

As part of this program to assess Afghan institutional capacity, SIGAR has completed seven audits and is conducting four. Two of the completed audits assessed key Afghan oversight bodies—the High Office of Oversight (HOO) and the Control and Audit Office (CAO). Despite the important role that these Afghan oversight institutions should play in combating corruption and providing accountability over donor funding, very little had been done until recently to help them develop their capacity.

SIGAR is finalizing a review of U.S. assistance programs that are designed to help the GIRoA develop its anti-corruption capabilities. Although multiple U.S. agencies now conduct anti-corruption assistance programs, most of this assistance has been provided without the benefit of a comprehensive anti-corruption strategy. Although a draft strategy exists, a final strategy is urgently needed to guide and direct U.S. anti-corruption assistance. SIGAR will report on this review next month.

## Electoral Reform

The United States and the international community view elections as critical to sustaining a legitimate government. After last year's fraud-marred presidential election, a SIGAR audit recommended that the international community take steps to build the capacity of Afghanistan's Independent Election Commission (IEC) to sustain the electoral process. In the Kabul Conference communiqué, the GIRoA pledged to "initiate within six months a strategy for long-term electoral reform that addresses in particular the sustainability of the electoral process."<sup>3</sup>

Since the presidential election, President Karzai has replaced key electoral officials, but it is not clear how these changes will affect the September parliamentary elections. In July, the IEC announced the final list of 2,556 candidates, which included 406 women. The United States is providing assistance to a number of organizations, including the United Nations, for these elections.

During the next quarter, SIGAR will publish a review that identifies lessons learned from past elections to improve the electoral process in Afghanistan.

## ECONOMIC AND SOCIAL DEVELOPMENT

In his opening remarks at the Kabul Conference, President Karzai urged the international community to support Afghan-run programs, such as the National Solidarity Program (NSP). The Afghan Ministry of Rural Rehabilitation and

# AFGHANISTAN OVERVIEW

Development started this program in 2003 to help Afghan communities develop their own projects. Since then, the United States and other international donors have provided nearly \$1 billion for the program, which the ministry says has brought 40,000 projects to completion.

SIGAR is conducting an audit of the NSP to identify donor assistance, to determine what the United States and other donors have done to ensure that the NSP can account for their contributions, and to examine the capacity of the Ministry of Rural Rehabilitation and Development to plan, manage, and monitor the program. The United States has pledged \$440 million to this program.

The GIRoA's new priorities to spur the economy include building large-scale infrastructure projects to develop the country's mineral resources, expanding irrigation systems, extending the road network, and increasing the supply of electricity. Earlier this year, a SIGAR review of the energy sector found that the GIRoA urgently needed an updated master plan to guide international investment in this sector.

Participants at the Kabul Conference reiterated their commitment to protect women's rights. From 2003 through 2010, the Congress has appropriated \$627 million to address the needs of Afghan women and girls. This quarter, SIGAR issued an audit assessing whether DoS and the U.S. Agency for International Development (USAID) had complied with congressional directives and whether this money had funded activities that were consistent with U.S. and Afghan national strategies. SIGAR found that DoS and USAID did not coordinate their approach to reporting on the use of these funds, only partially met congressional directives, and did not show linkages between U.S.-funded activities and Afghan goals and benchmarks. Section 2 of this report provides a summary of this audit.

## RECONCILIATION AND REINTEGRATION

In early June, the GIRoA convened a Consultative Peace Jirga to discuss ways to begin a process of reconciliation with insurgents who are willing to accept the Afghan Constitution and renounce ties to al-Qaeda and other terrorist groups. About 1,600 Afghans from around the country participated in the Peace Jirga and issued a 16-point resolution that called on the government to develop a program to implement a peace process.

At the Kabul Conference, the GIRoA unveiled the Afghanistan Peace and Reintegration Program. President Karzai had earlier announced the formation of the High Peace Council to lead the program. A new Peace and Reintegration Trust Fund, supported through international contributions, has been established to fund its activities. The program seeks to reintegrate thousands of former combatants and stabilize 4,000 communities in 220 districts over 5 years.

DoD has received congressional approval to provide \$100 million from the Commander's Emergency Response Program for the reintegration effort. Ambassador Holbrooke said the reintegration program was one of the most important initiatives to come out of the Kabul Conference because defeating the Taliban requires a political process that goes hand in hand with the military campaign.

# AFGHANISTAN OVERVIEW

Improving security is essential to the success of the reconstruction program in Afghanistan. SIGAR will continue to observe the evolving process of reconciliation and provide oversight of U.S. spending as needed.

## REGIONAL COOPERATION

The United States and its international partners have been encouraging greater regional cooperation to help stabilize Afghanistan and facilitate increased trade and investment to fuel economic development. These efforts have been particularly focused on improving Afghanistan's relationship with Pakistan. In a breakthrough this quarter, the two countries reached a trade transit agreement that will allow Afghan trucks to transport products through Pakistan to the Indian border.

Afghanistan's Prioritization and Implementation Plan calls for greater international investment in regional infrastructure projects, such as railways and roads to link Afghan cities to markets in central Asia, south Asia, and Europe. Other priorities include building a natural gas pipeline and expanding regional electricity transmission networks. Most of these projects would have to be funded by the international community and will require effective oversight.

## LOOKING AHEAD

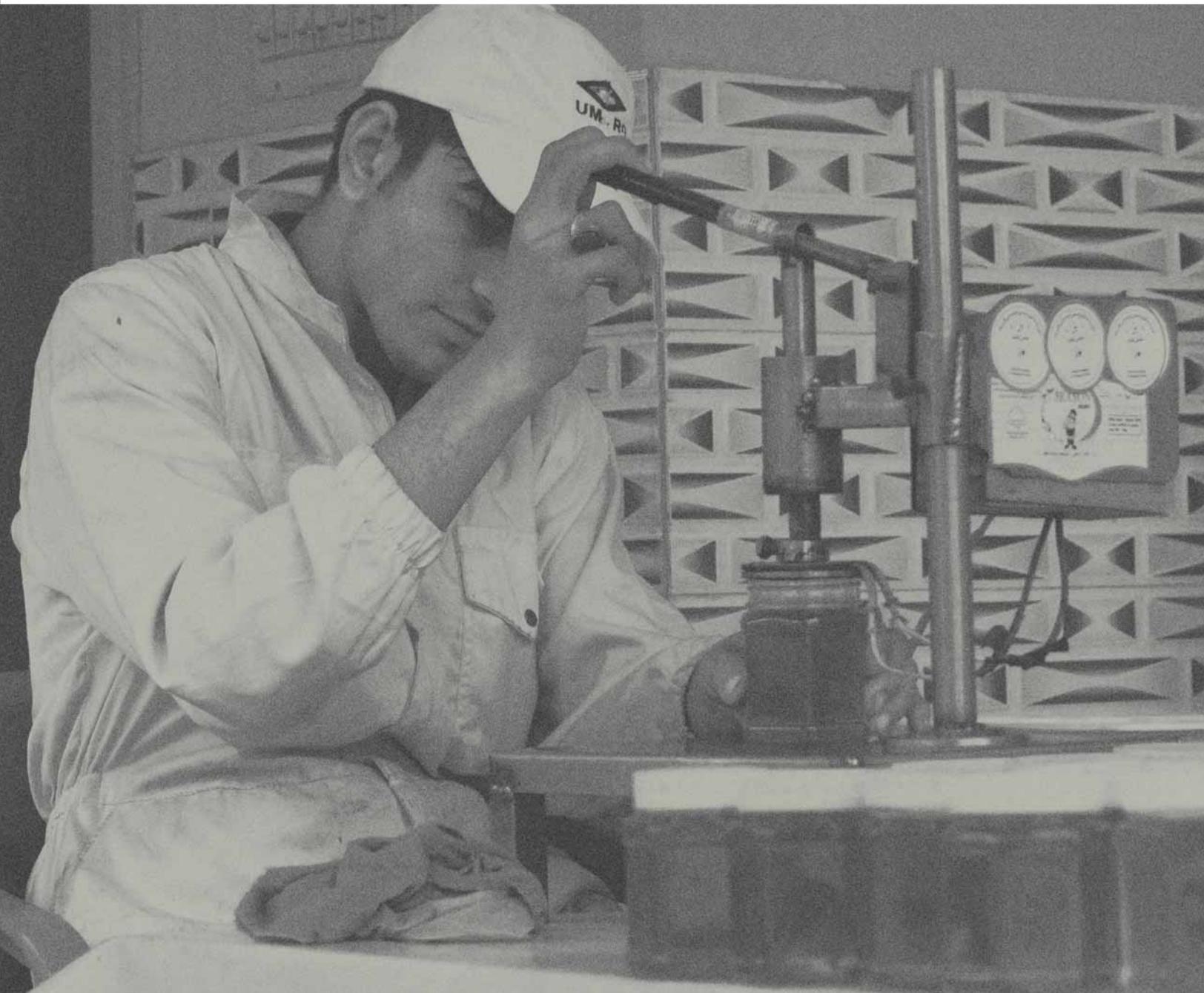
At the Kabul Conference, the GIRoA vowed to implement key reforms, such as improving its public financial management systems, to ensure that donor funds channeled through the government benefit the Afghan people. The final communiqué from the Conference noted that donors must review the GIRoA's progress in achieving its goals; nevertheless, it did not provide a mechanism or timeline for conducting those reviews.

U.S. implementing agencies have the primary obligation to ensure that taxpayer dollars are spent wisely in support of U.S. strategic goals. SIGAR is committed to providing the critical real-time oversight needed to quickly identify problems and prevent the waste, fraud, and abuse of U.S. reconstruction funds.

**Growing local industries**

An Afghan worker packs honey into jars in a USAID-funded facility in Jalalabad. Regenerating agribusiness is a key goal of the U.S. Afghanistan and Pakistan Regional Stabilization Strategy. (USAID Photo)

# 2 SIGAR OVERSIGHT



“Accountability is the cornerstone of good governance. Without it, we risk losing our investment in Afghanistan to waste, corruption, and fraud.

Everyone involved in the reconstruction effort—the U.S. implementing agencies, private contractors, nongovernment organizations, and the Afghan government—must be held accountable for public funds at their disposal.”

—*Special Inspector General Arnold Fields*

Source: Special Inspector General Arnold Fields, “Oversight of U.S. Civilian Assistance for Afghanistan,” testimony before the State, Foreign Operations Appropriations Subcommittee, U.S. House of Representatives, 7/15/2010.

## SIGAR OVERSIGHT

SIGAR’s Audit, Investigations, and Management directorates had a highly productive quarter. SIGAR completed four audits and announced five new audits, bringing the total number of ongoing contract, performance, and forensic audits to 18. SIGAR opened 26 new investigations; it also participated in joint operations with other federal law enforcement agencies to determine the source of bulk cash shipments leaving Afghanistan through the Kabul airport. As a result of SIGAR’s public outreach campaign, the SIGAR Hotline recorded a 77% jump in the number of complaints it received alleging fraud, waste, and abuse of reconstruction dollars. Table 2.1 lists SIGAR’s completed audits as of July 30.

During this reporting period, SIGAR also continued to build its staff. SIGAR has 93 full-time employees when this report went to press. SIGAR is working with the U.S. Embassy in Kabul and U.S. Forces - Afghanistan to increase the number of people it can station at the Embassy and at other locations in Afghanistan.

### SIGAR AUDITS

A key goal of the U.S. strategy in Afghanistan is to develop self-sufficient Afghan security forces that can independently provide internal and external security for the country. More than half of all reconstruction funding is used to train, equip, and house the Afghan National Army (ANA) and the Afghan National Police (ANP). Three of the four SIGAR audits completed this quarter were related to this critical effort.

The United States has also committed to promoting gender equity in Afghanistan. SIGAR’s fourth completed audit this quarter reviewed the use of

TABLE 2.1

<b>COMPLETED SIGAR AUDITS, APRIL 1–JULY 30, 2010</b>		
<b>Report Identifier</b>	<b>Report Title</b>	<b>Date Issued</b>
SIGAR-Audit-10-14	ANA Garrison at Farah Appeared Well Built Overall, but Some Construction Issues Should Be Addressed	7/30/2010
SIGAR-Audit-10-13	Greater Coordination Needed in Meeting Congressional Directives To Address and Report on the Needs of Afghan Women and Girls	7/30/2010
SIGAR-Audit-10-12	ANP Compound at Kandahar Generally Met Contract Terms but Has Project Planning, Oversight, and Sustainability Issues	7/22/2010
SIGAR-Audit-10-11	Actions Needed To Improve the Reliability of Afghan Security Force Assessments	6/29/2010

the \$627 million that the Congress has earmarked since 2003 to assist Afghan women and girls.

## Completed Audit Reports

This quarter, SIGAR issued four audit reports, which are summarized in the following subsections.

### **Audit 10-11: Afghanistan Security Forces**

#### **Actions Needed To Improve the Reliability of Afghan Security Force Assessments**

The U.S. strategy in Afghanistan depends on building the country's capacity by training and equipping the Afghan National Security Forces (ANSF) to provide for security. Since 2002, the United States has provided about \$27 billion—more than half of all reconstruction dollars—for ANSF training, equipping, and sustainment. Current ANSF force-generation goals, which were agreed to by the GIRoA and the international community, call for 171,600 ANA troops and 134,000 ANP members by October 2011. In the short term, ANSF capabilities are essential to the U.S. and coalition counter-insurgency strategy, which calls for securing key population areas and relies on bolstering the Afghan people's confidence in their government. In the long term, ANSF progress is critical because the United States and the international community aim to transfer responsibility for security to the Afghan security forces. Since 2005, the United States has used the Capability Milestone (CM) rating system to monitor and report on progress in the development of ANSF capabilities.

#### **OBJECTIVES**

The audit addressed four objectives:

- Assess the reliability of the CM rating system.
- Assess summary reports provided to decision makers.
- Identify challenges to U.S. and coalition efforts to assess the ANSF.
- Identify systemic ANSF deficiencies that have undermined efforts to develop unit-level capabilities.

#### **FINDINGS**

1. SIGAR found that the CM rating system has not provided reliable or consistent assessments of ANSF capabilities. The assessments depended on quantitative data such as supplies and numbers of personnel rather than subjective evaluations of a unit's ability to perform its mission effectively. In some cases, ANA personnel numbers were inflated because they were based on the number assigned to a unit rather than the number present for duty.
2. The measurements used in the assessment system overstated the capabilities of the ANSF, particularly for top-rated army and police units that did not always maintain the ability to conduct independent operations. The rating system inadvertently created disincentives for ANSF units to progress toward a top-level rating, because they faced the prospect of losing force protection, expertise, supplies, funding, and prestige.

3. Summary reports of ANSF capability ratings included outdated assessment data because monthly CM assessments were missing. The submissions were missing because of a lack of mentors and partners to provide reporting, among other reasons. In the case of ANP records, the ratings either were missing or had been carried over for as long as four months.
4. U.S. and coalition efforts to assess the ANSF's capabilities face serious challenges, including security conditions, mentor shortages, and inadequate training. ANP mentoring and assessment have been significantly limited and sometimes ineffective in areas where enemy activity is intense. The shortfall in mentors and partners and their lack of training have significantly affected the development and assessment of ANSF units, particularly the police.
5. Systemic ANSF deficiencies have undermined efforts to develop unit capabilities. These deficiencies include logistics problems, personnel attrition, inadequate personnel authorizations, infrastructure deficiencies, corruption, drug abuse, and illiteracy. For example, mentors and partners reported logistics problems such as vanishing supply requests, hoarding, and the inability to track supply request forms through ministerial supply chain systems. Another key issue is the attrition that has drained a large portion of the police trained through the Focused Police District Development (FPDD) program. The attrition occurred largely because of pressure from anti-coalition forces and disappointment over pay levels.

## RECOMMENDATIONS

In use since 2005, the CM rating system has not provided a consistent and reliable means of reporting on the effectiveness of ANSF units. According to officials from the International Security Assistance Force (ISAF) Joint Command (IJC), the CM rating system is being replaced by a new unit-level assessment system, which SIGAR has not yet reviewed. SIGAR's recommendations remain relevant to the new system: without the recommended measures, decision makers will not have a clear understanding of the extent to which progress is being made in developing Afghan security forces that are capable of independently conducting operations and ultimately securing Afghanistan.

To obtain more reliable assessments of ANSF operational effectiveness, SIGAR recommended that IJC take the following actions:

- Emphasize subjective assessment of the overall operational capability provided by mentor and partner team evaluators.
- Develop a manual for mentors and partners that incorporates real-world examples and best practices to support more consistent evaluation.
- Work with the NATO Training Mission - Afghanistan/Combined Security Transition Command - Afghanistan (NTM-A/CSTC-A) to provide additional training and guidance to mentor and partner teams on decrees and procedures from the Ministry of Interior (MoI) and the Ministry of Defense (MoD).
- Encourage an equivalent understanding among raters of different ANSF units to ensure that rating-level definitions are consistent.

# SIGAR OVERSIGHT

- Incorporate present-for-duty figures as a percentage of assigned personnel into assessments for both ANP and ANA units.
- Conduct independent validations of top-level ANP unit capabilities.

To improve the transparency and accuracy of ANSF assessment reporting, SIGAR recommended that IJC take these actions:

- Begin to systematically track the number of unit-level evaluations not submitted each month and the number of elements not observed within those assessments.
- Add an additional overall rating level to represent units “not assessed” where no mentors/partners are assigned.

To maximize visibility into ANP capabilities, SIGAR recommended that IJC take this action:

- Require all U.S. and coalition military mentor and partner teams to submit unit assessments, and begin requesting unit assessments from civilian advisers in districts where no military mentors/partners are assigned.

To counteract disincentives resulting from the ANSF assessment system, SIGAR recommended that IJC take this action:

- Evaluate—in conjunction with NTM-A/CSTC-A, MoI, and MoD—the creation of an incentive system to reward Afghan units for top-level capabilities.

SIGAR also recommended that NTM-A/CSTC-A take these actions:

- To monitor supply requests, work with MoI and MoD to implement better tracking systems.
- To counterbalance the effects of attrition in FPDD units, develop a program to train new recruits who are assigned to FPDDs that have previously received training.
- To enable each ANSF unit to extend driver training using its own personnel, implement a train-the-trainer driving program.

## AGENCY COMMENTS

IJC concurred or partially concurred with 10 recommendations, stating that it intended to address the recommendations as it implemented its new rating system, the Commander’s Unit Assessment Tool (CUAT). IJC disagreed with two recommendations, which SIGAR removed from the final report because IJC’s responses fulfilled the spirit of the recommendations.

In its response, NTM-A/CSTC-A concurred with the recommendations but suggested that the report included out-of-date information. However, SIGAR’s audit work relied on interviews and information collected from October 2009 through May 2010, including field observations of 18 ANSF units made during February and March 2010.

The Office of the Secretary of Defense (OSD) Policy provided additional information, including clarification about the nature of DoD reports to the Congress and comments regarding DoD’s concerns about the CM rating system. OSD Personnel and Readiness also commented on the report and provided additional

information regarding the history of efforts to improve ANSF assessments, including details on OSD's involvement in attempting to address reliability and integrity problems with the CM rating system.

## **Audit 10-12: Kandahar ANP Compound**

### **ANP Compound at Kandahar Generally Met Contract Terms but Has Project Planning, Oversight, and Sustainability Issues**

The international coalition in Afghanistan is working to provide facilities to train and house the ANP. With the ANP force size growing from 95,000 in December 2009 to 134,000 by October 2011, CSTC-A has helped fund a country-wide building program to meet the ANP's needs. As a part of this effort, CSTC-A provided \$45 million to the U.S. Army Corps of Engineers (USACE) to fund the construction of the Joint Regional Afghanistan Security Forces Compound (JRAC) in Kandahar. The compound is located outside the Kandahar Airfield.

The compound consists of four separate ANP projects: a Regional Logistics Center, an Afghan National Civil Order Police battalion, the Afghan Uniform Police's regional headquarters, and the Afghan Border Police's zone command. USACE awarded a firm-fixed-price contract for the Regional Logistics Center project and firm-fixed-price task orders for construction of the projects for the Afghan National Civil Order Police, Afghan Uniform Police, and Afghan Border Police.

## **OBJECTIVES**

The audit addressed three objectives:

- Determine whether the JRAC was constructed within the terms of the contracts, including schedule and cost.
- Assess whether USACE oversight of construction was conducted in accordance with the Federal Acquisition Regulation (FAR), USACE requirements, and oversight provisions of the contract.
- Identify what plans are in place to sustain these facilities once they are turned over to the GIRoA.

## **FINDINGS**

1. SIGAR found that three of the four JRAC projects experienced delays ranging from 6 to 12 months. The fourth project was delayed two years, in part because of a land dispute between CSTC-A and the U.S. Drug Enforcement Administration, which led to its relocation to the JRAC site. Nearly \$280,000 in USACE expenses was related to the project's relocation. In addition, the prime contractor has filed a request for equitable adjustment for \$665,000 in additional costs. SIGAR noted that the final JRAC project is scheduled for occupancy by July 2010. SIGAR's inspection of completed work revealed no apparent construction problems.
2. Inadequate project planning affected all four projects. USACE staff did not prepare a master plan for the JRAC that fully integrated the four projects. As a result, the JRAC had some redundant power, water, and sewer systems and



**New generators begin** operation at the Kandahar ANP compound. SIGAR found that the JRAC had some redundant power systems due to a lack of integrated planning. (SIGAR photo)

# SIGAR OVERSIGHT



**Work continues** on the Kandahar ANP Compound. This quarter, a SIGAR audit made a number of recommendations to ensure that the GIRoA can sustain the facilities in the future. (SIGAR photo)

- varying heating and cooling systems. In addition, an armory for one project was constructed adjacent to a barracks for another project.
3. Project oversight was also deficient in several respects. USACE quality assurance procedures were not fully adhered to, which raises the risk that construction problems could surface later in the life of the project, increase operations and maintenance costs, and compromise occupant safety. In addition, the results of site inspections were not always documented; prime contractors did not adequately document the results of site inspections and whether required testing and inspections had occurred.
  4. CSTC-A officials stated that the GIRoA does not have the financial or technical capacity to sustain ANSF facilities in the near term once they are completed. To address this issue, USACE intends to award two five-year contracts for the operation and maintenance of ANSF facilities throughout Afghanistan, at an estimated cost of \$800 million. These contracts include provisions for developing the ANSF's sustainment capabilities.
  5. A key development that will help the ANP provide for its own operations and maintenance is the move toward "austere" construction standards, as defined by CSTC-A. However, these standards do not include details on heating and cooling options and electrical and plumbing fixtures that could promote the long-term sustainability of U.S.-constructed facilities such as the JRAC.

## RECOMMENDATIONS

The United States has already committed to paying an estimated \$800 million to support all ANSF facilities over the next five years. To enhance compliance with USACE's quality assurance and control procedures and increase the likelihood that the GIroA will be able to sustain the facilities without assistance from the United States, SIGAR recommended that the Commanding General, USACE, take the following actions:

- Direct that future projects adhere to USACE's established quality assurance and quality control procedures.
- Review and update current guidance on austere construction standards to include more details on heating and cooling options for different types of facilities, with the option of allowing for regional differences.
- Include additional guidance regarding appropriate electrical, plumbing, and other fixtures for facilities.

## AGENCY COMMENTS

CSTC-A concurred with SIGAR's recommendations to update guidance on austere construction standards in Afghanistan. USACE concurred with the recommendation to better adhere to quality assurance and quality control procedures. Both CSTC-A and USACE commented on SIGAR's observation that an armory and a barracks had been built adjacent to each other. CSTC-A indicated that the armory was for securing weapons and not ammunition, implying that there was no safety concern. In contrast, USACE stated that it was in discussions with CSTC-A about installing 20-foot concrete barriers between the two areas. SIGAR noted that this matter needs to be resolved because the facilities will be transferred to Afghan authorities at the end of July 2010, according to USACE officials from Afghanistan Engineering District (AED)-South.

## Audit 10-13: Women and Girls

### Greater Coordination Needed in Meeting Congressional Directives To Address and Report on the Needs of Afghan Women and Girls

From 2003 through 2010, the Congress earmarked \$627 million in appropriated funds to address the needs of Afghan women and girls. The Congress also periodically directed the Department of State (DoS) to report on the use of these funds. These earmarked funds signal congressional concern that, without greater attention to the challenges facing women and girls in Afghanistan, the country's prospects for economic growth and democratic development will be sharply reduced, according to a 2004 conference report. Although the United States and its allies cited the defense of women's rights as one of the primary reasons for commitment to Afghanistan's future after the defeat of the Taliban, Afghan women continue to be among the worst off in the world, according to a December 2009 Human Rights Watch Report.

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**Before the Kabul Conference**, U.S. Secretary of State Hillary Rodham Clinton participates in a women's empowerment event hosted by EU High Representative for Foreign Policy Catherine Ashton in Kabul on July 20, 2010. (DoS photo)

## OBJECTIVES

The audit had three objectives:

- Assess the approach that DoS and the U.S. Agency for International Development (USAID) used to attribute and report on funds covering activities for Afghan women and girls for FY 2008 and FY 2009.
- Determine the extent to which specific earmarks to certain organizations met congressional directives.
- Assess whether reported activities were consistent with U.S. and Afghan national strategies, including the National Action Plan for the Women of Afghanistan.

## FINDINGS

1. SIGAR's report focused on the DoS October 2009 report of U.S.-funded activities for women and girls in Afghanistan, and to some extent on DoS's 2008 report. In reviewing the 2009 report, SIGAR found that DoS and USAID did not coordinate their approach to reporting on the use of the funds earmarked for Afghan women and girls. The reports submitted to the Congress in 2008 and 2009 did not provide complete and consistent information about the reported activities in which women and girls were intended beneficiaries, such as relating funded activities to numbers of female beneficiaries or services provided.
2. SIGAR found other problems with DoS's reporting. For example, the reports used different time frames for and approaches to the data presented. Although DoS and USAID took action in the past year to coordinate gender-related issues in Kabul, DoS did not develop guidelines or a rationale for determining and reporting earmark attributions. The report provided no explanation for why certain activities were included and others were not.

As a result, the reports to the Congress did not provide a clear picture of how the funds were used to address the needs of Afghan women and girls.

3. Congressional legislation also specified that certain Afghan organizations should receive earmarks of specific amounts. DoS and USAID partially met these congressional directives. For example, the Ministry of Women's Affairs, which has responsibility for implementing GIROA policies to secure and expand the legal rights of women, did not receive appropriated funds for each year it was mentioned in legislation. Other organizations received only partial amounts of the funds earmarked for them by the Congress, including the Afghanistan Independent Human Rights Commission and nongovernmental organizations and civil society organizations led by Afghan women.
4. U.S. policy is to support women's rights, gender integration, and Afghan national strategies. However, the 2009 report did not show linkages between U.S.-funded activities and Afghan goals and benchmarks included in the National Action Plan for Women in Afghanistan, a key tool by which the GIROA seeks to realize its gender equity goals. Such linkage is important to ensure that the reported activities address the needs of Afghan women and girls.

## RECOMMENDATIONS

Earmarks of appropriated funds for addressing the needs of Afghan women and girls have increased significantly over time, from \$5 million in 2003 to \$175 million for 2010. Although the Congress has directed DoS to report on the use of these funds for Afghan women and girls, the reporting has not provided a clear picture of how the funds have been used to benefit Afghan women and girls or how U.S.-funded activities support the goals of National Action Plan for the Women of Afghanistan. SIGAR thus recommended that the Secretary of State, in consultation with the USAID Administrator, take the following actions before September 30, 2010, when DoS's next report to the Congress is due:

- Develop consistent reporting requirements for all USAID and DoS programs and activities to provide data on female beneficiaries and on the measurable impacts of activities intended to address the needs of Afghan women and girls.
- Develop a coordinated approach for determining the earmark attribution amounts and reporting on the use of earmarked funds that provides consistent information about each activity, identifies funding sources, and provides the rationale for reporting activities.
- Align activities to ensure consistency with the goals and benchmarks stated in Afghanistan's national strategies, particularly the National Action Plan for the Women of Afghanistan.
- Target funds to address the organizations specified in the legislation—including the Ministry of Women's Affairs, the Afghanistan Independent Human Rights Commission, and nongovernmental organizations and civil society organizations led by Afghan women—to ensure that appropriated funds are used as directed by the Congress and address the needs of Afghan women and girls.

## AGENCY COMMENTS

At the time this publication went to press, the agencies were still preparing formal comments on a draft of the report. The final audit report contains the agency comments and response to the findings and recommendations ([www.sigar.mil](http://www.sigar.mil)).



**The Farah Garrison** project is nearly complete. When finished, the facility will house approximately 2,000 ANA personnel. (SIGAR photo)

## Audit 10-14 Farah ANA Garrison

### ANA Garrison at Farah Appeared Well Built Overall, but Some Construction Issues Should Be Addressed

The international coalition seeks to build Afghanistan's capacity to provide for its own security by training and equipping the ANSF. From FY 2005 to FY 2010, more than \$25 billion has been appropriated for the Afghanistan Security Forces Fund, which provides the funding to train and equip the ANSF. New requirements call for the ANA troop levels to grow to 171,600 by October 2011. As a result, additional facilities are needed to train and base the Afghan force. The garrison at Farah, located in Farah province, will house approximately 2,000 personnel. The ANA began occupying the garrison in October 2009. CSTC-A is funding two contracts, for a total of \$68.1 million, to construct the garrison in two phases. USACE's AED-South awarded two firm-fixed-price contracts for program management and oversight of Phases I and II to Fazlullah Construction and Engineering Co. (an Afghan firm) and United Infrastructure Projects (an American firm).

## OBJECTIVES

The audit addressed four objectives:

- Determine whether the Farah garrison was constructed within the terms of the contract, including schedule and cost.
- Assess USACE oversight of construction and whether it was conducted in accordance with the FAR, USACE requirements, and oversight provisions of the contract.
- Review the plans for sustaining ANSF facilities.
- Identify CSTC-A's overall justification for the garrison.

## FINDINGS

1. SIGAR found that, although the Farah garrison project was nearly complete, Phase I was completed about 16 months after its original completion date. Phase II was scheduled to be completed by July 2010—about 12 months past its original completion date. The cost to CSTC-A of Phase I, awarded for \$29.4 million, increased by almost \$10 million, largely because of contract options exercised by AED-South and changes to the scope of work. In addition, issues with the security of ground transportation led to an increase of \$100,000 to fly in building materials. The cost of Phase II, awarded for \$34.6 million, decreased by more than \$5.7 million because of the removal of line items that duplicated Phase I.
2. Overall, the garrison appeared to be well constructed; however, during the site inspection, SIGAR observed some construction issues related to site

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grading, asphalt roads, and silt accumulation that should be addressed. Grading at the site was not sufficiently sloped, which will allow water to collect around buildings. Asphalt was not always properly compacted and will deteriorate and will need repair. The unlined drainage ditches at the site will collect silt and require frequent maintenance.

3. SIGAR found that overall contract management and oversight met contract requirements. Progress payments were documented properly, and quality assurance reports met USACE requirements. However, the Resident Management System reports and two modifications for Phase I contained some incorrect information.
4. According to CSTC-A, the GIROA does not have the financial or technical capacity to sustain all ANSF facilities. AED-South is in the process of awarding two contracts to provide operations and maintenance for ANSF facilities. The contracts as planned total \$800 million and will cover 663 ANSF sites.
5. CSTC-A did not provide SIGAR with an overall justification for the Farah garrison, such as a rationale for its location. SIGAR reviewed various documents that addressed certain other ANSF facilities, but none addressed garrisons. Rather than make a recommendation regarding facility planning at this time, SIGAR is undertaking a separate audit of CSTC-A's planning efforts for ANSF facilities.



**Afghan workers dig** a drainage trench during construction of ANA facilities in Farah province. A SIGAR audit this quarter identified a number of construction issues that should be addressed. (SIGAR photo)

## RECOMMENDATIONS

The United States has provided more than \$68 million to build this garrison to support ANA operations in Farah province. To protect the U.S. investment and provide a sustainable facility for ANA troops, the construction issues that SIGAR observed should be addressed. To ensure that the garrison is completed in accordance with the contract and that sustainability issues are minimized, SIGAR recommended that the Commanding General, USACE, direct AED-South to address the following construction issues:

- Ensure that the site is properly graded around buildings to prevent the pooling of water.
- Ensure that the asphalt roads and parking lots are properly compacted to minimize deterioration.
- Consider mitigating silt accumulation in the unlined drainage ditches around the garrison to minimize maintenance.

## AGENCY COMMENTS

At the time this publication went to press, the agencies were still preparing formal comments on a draft of the report. The final audit report contains the agency comments and response to the findings and recommendations ([www.sigar.mil](http://www.sigar.mil)).

## New Audits Announced This Quarter

This quarter, SIGAR initiated five new audits that will assess the planning and implementation of infrastructure projects for the Afghan security forces, review cooperative agreements with nongovernmental organizations, and evaluate a

selection of projects that are funded by the Commander's Emergency Response Program (CERP).

## **Planning for ANSF Facilities**

This audit is examining the process used in providing a rationale for ANSF infrastructure and facilities and for meeting the ANSF's changing requirements. As noted in SIGAR audit reports issued this quarter, without an updated facilities plan that reflects current ANSF requirements, CSTC-A runs the risk of building facilities that are inadequate for the ANSF's projected force strength. The audit has three objectives:

- Review CSTC-A's overall plan for constructing ANSF infrastructure and facilities in Afghanistan.
- Review CSTC-A's strategic and tactical rationale for ANSF infrastructure and facilities, including justifications for the deployment of ANSF personnel, the locations of the various facilities, and their role in the operational missions of the ANA and the ANP.
- Assess how CSTC-A updates its facilities plans to ensure that current and planned ANSF infrastructure and facilities meet changing requirements.

## **Review of U.S. Air Force Center for Engineering and the Environment Infrastructure Projects in Herat and in Mazar-e Sharif**

SIGAR is examining two infrastructure projects undertaken by the U.S. Air Force Center for Engineering and the Environment. This review has three objectives:

- Assess whether the projects are being completed within the terms of the contracts, including schedule and cost.
- Determine whether construction is in accordance with approved construction plans and specifications.
- Assess whether U.S. contract administration and construction oversight are effective.

## **Review of Construction Projects for Six ANP Facilities in Helmand and Kandahar**

SIGAR is initiating a performance audit to assess the construction and progress of six ANP district headquarters facilities, which are being constructed under USACE contract. The work will be conducted at three sites in the Helmand districts of Garmsir, Nahri Saraj, and Nad 'Ali, and three sites in the Kandahar districts of Spin Boldak, Zheley, and Registan. This audit has three objectives:

- Determine whether the infrastructure projects were completed within the terms of the contract, including schedule and cost.
- Assess whether the construction is in accordance with approved construction plans and specifications.
- Evaluate the nature and adequacy of U.S. contract administration and construction oversight.

## **Review of USAID's Cooperative Agreement with CARE International for the Food Insecurity Response for Urban Populations of Kabul (FIRUP-K) Program**

SIGAR is initiating an audit of an estimated \$60 million cooperative agreement between USAID and CARE International. The agreement, the Food Insecurity Response for Urban Populations of Kabul (FIRUP-K), is for one of four programs addressing food insecurity in major urban areas in Afghanistan. Although the completion date of the one-year program was originally March 2010, USAID has recently indicated it was extended to September 2011. SIGAR will examine USAID's award and oversight processes, program start dates and results, and challenges to implementation. The audit has three objectives:

- Assess USAID's process for awarding cooperative agreements, particularly FIRUP-K, and USAID's management and oversight of the program.
- Review the goals and objectives of the program, assess how USAID measures results, and identify what the program has achieved.
- Identify challenges the program has encountered, how they have affected implementation, and what USAID and CARE have done to address them, in particular the rationale for extending the planned completion date.

## **Review of Selected CERP Projects in Afghanistan**

This review is a pilot audit of a selection of Commander's Emergency Response Program (CERP) projects. SIGAR intends to replicate the pilot in selected geographical areas and categories of CERP assistance. The audit will examine schedules and costs, outcomes, U.S. oversight, and plans for sustaining the projects. The audit will address four objectives:

- Assess whether the CERP projects were completed within the terms of the project plans, including schedule and cost.
- Examine the processes in place for evaluating CERP projects and the extent to which CERP project outcomes have been assessed.
- Assess the nature and extent of U.S. administration and oversight for CERP projects.
- Identify the plans that exist for Afghan authorities to take possession of the projects, perform maintenance, and pay for sustainment.

## **Ongoing Audits**

During this reporting period, SIGAR continued work on 10 audits, including contract assessments, program reviews, and audits related to SIGAR's anti-corruption initiative. The audits address reconstruction issues related to security, governance, and development.

## **Review of the Implementation of the Civilian Uplift in Support of the U.S. Reconstruction Effort in Afghanistan**

SIGAR has coordinated the scope of this audit with the Government Accountability Office (GAO). GAO is examining how the U.S. government determined its requirements; SIGAR is assessing the implementation of the increased civilian deployment. The audit has three objectives:

- Identify the number and types of personnel provided to implement the civilian uplift.
- Assess the extent to which required resources have been provided to support the operational and support needs of these additional personnel in Afghanistan.
- Assess the extent to which civilians in the field are being used to achieve stated strategic and programmatic goals, including collaborating with military and international partners and assisting with contract oversight responsibilities.

## **Review of Afghanistan's National Solidarity Program**

This audit is related to a series of audits SIGAR is conducting to examine U.S. and other donor assistance in support of the GIRoA's anti-corruption capabilities. These audits also assess the internal controls that Afghan public institutions are able to exercise to ensure that donor assistance funds provided to the GIRoA are reasonably protected against waste, fraud, and abuse.

In 2003, the Afghan Ministry of Rural Rehabilitation and Development established the National Solidarity Program to help Afghan communities identify, plan, manage, and monitor their own development projects. Since then, the program has received more than \$900 million in international funding and has reported completing nearly 40,000 small infrastructure projects. The audit has two objectives:

- Identify U.S. and donor assistance to the program and determine actions taken by the United States and other donors to ensure that their contributions are adequately accounted for, appropriately programmed, and ultimately used for their intended purposes.
- Examine the capacity of the Ministry of Rural Rehabilitation and Development to plan, manage, and monitor the program, to provide reasonable assurance that adequate internal controls are in place and are used properly to achieve the program's intended results.

## **Review of U.S. Efforts To Improve the Accountability and Anti-Corruption Capabilities and Performance of the Nangarhar Provincial Government**

This audit is examining funding, accountability, and capacity issues related to Nangarhar province. This is a pilot audit resulting from survey work conducted on the accountability and anti-corruption capabilities and performance of provincial governments. If successful, SIGAR will replicate this audit in other key provinces in the future. The audit has three objectives:

- Identify the amounts, sources, and purposes of donor and Afghan funding for Nangarhar.
- Assess the steps the U.S. government has taken to ensure that U.S. reconstruction funds provided for Nangarhar are used according to national and provincial priorities.
- Determine the extent to which Nangarhar's provincial government can ensure that funds are properly protected from misuse and used according to national and provincial priorities.

## **U.S. and International Efforts To Build the Afghan Government's Capacity To Fight Corruption**

Most of the more than \$51 billion provided for the reconstruction of Afghanistan has been managed directly by U.S. agencies, bypassing the GIRoA. Consistent with a new donor approach adopted in January 2010, the United States plans to direct up to half of future development assistance through GIRoA channels. However, this support is contingent on the GIRoA's ability to reduce corruption, among other things. The audit is assessing U.S. and international efforts to help the GIRoA build the capacity to manage, monitor, and account for donor funds and deter corruption.

## **Review of Salary Support Provided by U.S. Government Agencies to Afghan Government Officials**

This audit is part of SIGAR's effort to assess the internal controls and accountability procedures of key GIRoA institutions. It is reviewing all U.S. government salary support for GIRoA officials, except for uniformed ANSF members. The review has these objectives:

- Identify all U.S. government salary support to Afghan officials.
- Examine the internal controls and other accountability mechanisms for determining the recipients of salaries and the amounts paid.
- Identify challenges, if any, in providing salary support.

## **Identification of Major Vendors for Reconstruction Contracts in Afghanistan**

SIGAR initiated this audit to identify and describe the largest U.S. reconstruction contracts; this information will help guide SIGAR's contract audits. GAO has provided SIGAR with access to the database it compiled to prepare its reports addressing contracting in Afghanistan during FY 2007, FY 2008, and the first six months of FY 2009. SIGAR has analyzed GAO's data to identify and rank the prime vendors by total obligations during that period. This audit has three objectives:

- Ensure that the vendors and associated contracts identified are for reconstruction in Afghanistan (rather than support for the U.S. presence).
- Determine the value and purpose of the contracts identified.
- Document each contract's reported total obligations and expenditures through FY 2009.

SIGAR is working with DoS, DoD, and USAID to identify any prime contractors that have active contracts for substantive reconstruction assistance to Afghanistan that did not appear in GAO's database. To minimize duplication of effort, SIGAR is coordinating this work with GAO's ongoing compilation of contract obligations for the last six months of FY 2009.

## **Review of U.S. Assistance for the Preparation and Conduct of Presidential and Provincial Council Elections in Afghanistan**

This audit, the third in a series of reports on the election process, is reviewing independent assessments of the 2009 presidential and provincial council elections and actions taken by U.S. and international donors to support the 2010 parliamentary elections. This review will identify the lessons learned from the 2009 elections and actions taken to address electoral reforms priorities and issues.

## **Review of U.S. Agencies' Use of Contractors To Provide Security for Reconstruction Programs in Afghanistan**

SIGAR is conducting this audit to identify the number and volume of contracts in place to provide security services in Afghanistan. The audit has these objectives:

- Determine the number of security contractors and personnel working for U.S. federal agencies in Afghanistan.
- Assess the agencies' management and oversight of security contractors and subcontractors.
- Determine the extent to which GAO and the inspector general community have conducted audits of private security contracts.

## **Contract Audit: Reconstruction Security Support Services from Global Strategies Group, Inc.**

This audit, which is related to SIGAR's audit of private security contractors in Afghanistan, is examining whether the USACE received the security services it needed from the contractor at a reasonable cost. This quarter, SIGAR re-scoped this audit to clarify the objectives. The re-scoped audit has these objectives:

- Identify the services provided by Global Strategies Group (Global) and determine whether those services were provided in accordance with the contract, including schedule, cost, and any modifications.
- Determine whether USACE conducted its oversight of the Global contract in accordance with the Federal Acquisition Regulation, USACE requirements, and any oversight provisions in the contract.
- Identify the private security subcontractors that were used, if any, and determine how they were vetted and considered to be capable of performing the contracted services.

## **Review of Afghan National Police (ANP) Personnel Management**

SIGAR is conducting this audit to evaluate the extent to which the ANP has developed accurate systems for personnel accounting. This audit originally

focused on both the ANP and ANA, but SIGAR re-scoped the audit to focus only on the ANP in order to avoid duplicating work being conducted by GAO and to meet the growing interest in the ANP. The re-scoped audit has four objectives:

- Describe ANP personnel management processes and systems.
- Describe actions taken by the GIRoA and donors to implement and maintain ANP personnel management processes and systems.
- Identify any challenges that may impede the implementation and sustainment of ANP personnel management processes and systems.
- Identify the extent to which risks of fraud, waste, and abuse are being mitigated.

## Forensic Audits

SIGAR is conducting three reviews, including two announced this quarter, under the authority of P.L. 110-181, as amended. The legislation requires SIGAR to investigate improper payments—such as duplicate payments or duplicate billings—and to prepare a final forensic audit report on all programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. The new reviews will examine USAID and DoS transaction data related to reconstruction funding.

### Forensic Review of Afghanistan Security Forces Fund Transaction Data

SIGAR initiated a review of DoD appropriation, obligation, and expenditure transaction data related to the Afghanistan Security Forces Fund (ASFF) for FY 2005 to FY 2009. This initiative will analyze transactional data to identify anomalies that may indicate fraud, using data-mining techniques and fraud indicators. The results could support or lead to SIGAR audits or investigations.

### Forensic Review of U.S. Agency for International Development Transaction Data Related to Afghanistan Reconstruction

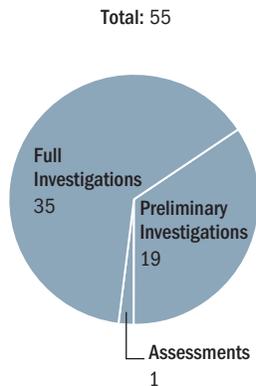
SIGAR is initiating a review of USAID appropriation, obligation, and expenditure transaction data related to Afghanistan reconstruction activities from FY 2002 to the present. This initiative will analyze transaction data to identify anomalies, using data-mining techniques and fraud indicators. The results could support or lead to SIGAR audits or investigations.

### Forensic Review of Department of State Transaction Data Related to Afghanistan Reconstruction

SIGAR has announced an initiative to review DoS appropriation, obligation, and expenditure transaction data related to Afghanistan reconstruction activities from FY 2002 to the present. The objective of this initiative is to analyze transaction data to identify anomalies, using data-mining techniques and fraud indicators. The results could support or lead to SIGAR audits or investigations.

FIGURE 2.1

CASES UNDER INVESTIGATION BY STATUS



Source: SIGAR Investigations Directorate, 7/19/2010.

FIGURE 2.2

CASES UNDER INVESTIGATION BY TYPE



Source: SIGAR Investigations Directorate, 7/19/2010.

## SIGAR INVESTIGATIONS

This quarter, the SIGAR Investigations Directorate opened 27 new cases and closed 14 cases. SIGAR has 55 ongoing cases divided among three investigative activities, as authorized by the Attorney General guidelines for inspectors general with statutory law enforcement authority. The three activities are assessments, preliminary investigations, and full investigations; the distinctions between them derive from the authorized investigative methods and the nature of the information regarding the alleged crime. As of July 30, 2010, SIGAR is conducting 1 assessment, 19 preliminary investigations, and 35 full-scale investigations. SIGAR thoroughly assesses all allegations of criminal activity to determine whether reconstruction funds are involved. The United States is funding so many interrelated military and civilian activities in Afghanistan that contractors and their subcontractors often work for multiple entities engaged in multiple activities. This often makes it difficult to quickly determine the source of funds, such as in the case of bulk cash shipments.

The cases under investigation involve contract fraud, public corruption, procurement fraud, and miscellaneous criminal activities. Figure 2.1 and Figure 2.2 provide a breakdown of the cases by status and type.

## Building Investigative Capacity

Since the last reporting period, SIGAR has hired three new investigators and is on track to meet its targeted staffing level of 32 by the end of the fiscal year. SIGAR investigators are senior-level, career law enforcement officers with experience in white collar crime, accounting, and fraud examination.

Of the 24 investigators already on staff, 14 are in Afghanistan, and 10 are based at SIGAR headquarters in Arlington, Virginia. SIGAR has assigned investigators to the U.S. Embassy in Kabul, CSTC-A headquarters at Camp Eggers, Bagram Air Field, and Kandahar Air Field. To expand its investigative presence in Afghanistan, SIGAR is in the process of adding seven new field offices in five provinces where significant reconstruction work is planned or under way—Nangarhar, Logar, Khowst, Herat, and Balkh. SIGAR is coordinating with the commanders of ISAF and USFOR-A and with DoS officials to facilitate the logistics, including force protection and life support services.

SIGAR investigators work in close cooperation with other federal law enforcement agencies in Afghanistan and in the United States to maximize resources and to ensure that all allegations of the misuse of U.S. taxpayer dollars are seriously considered. SIGAR maintains a permanent, full-time presence at the Joint Operation Center of the International Contract Corruption Task Force (ICCTF) in Washington, D.C. The ICCTF is the principal U.S. law enforcement organization coordinating U.S. federal investigations of fraud internationally.

## **Two Afghan Companies Plead Guilty to Bribery and Are Fined \$4.4 Million**

On June 25, 2010, two Afghan trucking companies pleaded guilty to paying bribes to U.S. public officials in exchange for unfair advantages in obtaining trucking service contracts at the Bagram Air Field. These companies were transporting reconstruction materials, among other commodities. The case is the result of a joint investigation by SIGAR, the Defense Criminal Investigative Service, the U.S. Army Criminal Investigation Command Division, and other members of the ICCTF. The plea agreements require the companies, Afghan International Trucking (AIT) and Afghan Trade Transportation (ATT), to pay a combined total of \$4.4 million in criminal fines.

The investigation revealed that AIT made corrupt payments totaling more than \$120,000 to various U.S. military officials, and ATT made corrupt payments of more than \$30,000 to one of those officials. According to the statement of facts, AIT employees began offering money to officials in the transportation office in 2004. At one point, AIT paid a government official \$70,000 cash stuffed in a box of candy.

## **SIGAR Is Investigating Cash Leaving Afghanistan**

SIGAR investigators are working closely with other federal agencies, including U.S. Immigration and Customs Enforcement (ICE), to determine the source of bulk cash shipments leaving Afghanistan through the Kabul Airport. At the end of March, ICE and other federal law enforcement agencies launched a three-day operation to examine cash leaving the airport. During this period, seven passengers declared \$8.2 million in cash. No arrests were made because each of these passengers had declared the money in their possession, as required by Afghan law.

During April and May, SIGAR investigative teams made three trips to Dubai to support ongoing investigations, which included looking at the flow of cash between Afghanistan and Dubai. SIGAR has provided relevant information concerning fraud and bulk cash shipments to ICE in both Kabul and Dubai.

## **SIGAR Hotline and Complaints Management System**

This quarter, the SIGAR Hotline and Complaints Management System (HCMS) received 62 complaints—up 77% from last quarter. Since becoming operational in January 2009, the HCMS has received 196 reports of alleged fraud, waste, and abuse in Afghanistan reconstruction.

Of the 62 complaints received this quarter, SIGAR referred 11 internally for appropriate action and 13 to other agencies; 19 are being coordinated or are under review. Also, SIGAR closed 19 complaints that were found to be without merit.

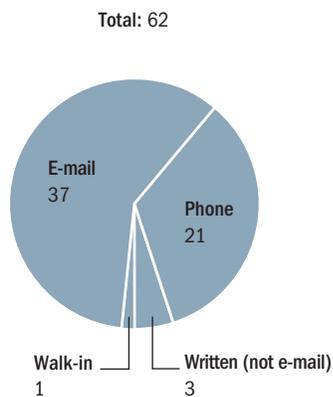
During this reporting period, the Hotline received several complaints alleging that Afghan subcontractors had not been paid for work completed. SIGAR is looking into these allegations because failure by a U.S. contractor to pay Afghan subcontractors for work properly executed undermines the U.S. reconstruction effort.



**A SIGAR Hotline billboard** raises awareness of waste, fraud, and abuse. This billboard is on the road leading to the Kabul Airport. (SIGAR photo)

FIGURE 2.3

## SOURCE OF SIGAR HOTLINE COMPLAINTS, APRIL 1–JUNE 30, 2010



Source: SIGAR Investigations Directorate, 7/14/2010.

SIGAR Investigations initiated a broad public outreach campaign this quarter to increase awareness of the SIGAR Hotline, using these and other methods:

- posters and business cards in English, Dari, and Pashtu
- commercial billboards along heavily travelled routes in Kabul
- a television advertisement on the Armed Forces Network
- a radio advertisement in Dari and Pashtu
- fraud awareness briefings with civilian and military working groups

Figure 2.3 shows the sources of SIGAR Hotline complaints.

## PEER REVIEW

Last February, SIGAR asked the Council of the Inspectors General on Integrity and Efficiency (CIGIE) to conduct an early peer review to help SIGAR enhance its ability to conduct effective oversight. This quarter, CIGIE concluded its review of SIGAR's Audit and Investigations directorates. The Audit Directorate passed its review and is implementing recommendations to correct deficiencies that were noted. Although the CIGIE review team found that the Investigations Directorate was not yet in full compliance with administrative record-keeping requirements, the team concluded that SIGAR's implementation of new policies and procedures was likely to result in full compliance in the near future.

## SIGAR BUDGET

Since 2008, the Congress has appropriated \$46.2 million to cover SIGAR's operating expenses. In the last year, SIGAR's staff has more than doubled, enabling the organization to significantly expand its audit and investigations work. SIGAR's FY 2011 budget request of \$35.6 million would provide the resources to fully staff the 132 positions needed to conduct oversight of the expanding reconstruction effort in Afghanistan. Table 2.2 summarizes SIGAR's funding through FY 2010.

## SIGAR STAFF

During this reporting period, SIGAR increased its staff by about 18%—from 79 at the end of April to 93 when this report went to press. SIGAR is aggressively recruiting qualified personnel to reach its goal of 132 staff members in FY 2011.

SIGAR has offices in Kabul and three other locations in Afghanistan. At the end of July, SIGAR had 25 staff members in Afghanistan, including 19 assigned to the U.S. Embassy Kabul and 2 on temporary duty there. SIGAR is working with the U.S. Embassy to increase the number of people it can station full-time in Kabul from 20 to 32. SIGAR is also working with U.S. Forces - Afghanistan to increase our staffing at military-controlled facilities. Meanwhile, SIGAR continues to send additional staff on temporary duty rotations to conduct audits and investigations throughout Afghanistan.

TABLE 2.2

<b>SIGAR FUNDING SUMMARY (\$ MILLIONS)</b>					
<b>Appropriation</b>	<b>Public Law</b>	<b>Appropriated</b>	<b>Made Available</b>	<b>Expires</b>	<b>Amount</b>
Supplemental Appropriations for Fiscal Year 2008, H.R. 2642	PL. 110-252	6/30/2008	6/30/2008	9/30/2009	\$2.0
Supplemental Appropriations for Fiscal Year 2008, H.R. 2642	PL. 110-252	6/30/2008	10/1/2008	9/30/2009	\$5.0
Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009	PL. 110-329	9/30/2008	9/30/2008	9/30/2010	\$9.0
Supplemental Appropriations for Fiscal Year 2009, H.R. 2346	PL. 111-32	6/24/2009	6/24/2009	9/30/2010	\$7.2
Consolidated Appropriations Act, 2010, H.R. 3288	PL. 111-117	12/16/2009	10/1/2009	9/30/2010	\$23.0
<b>Total</b>					<b>\$46.2</b>

**Breaking ground**

Afghans work together in Logar province on one of the many community-based projects that are essential to rural development throughout Afghanistan. (U.S. Army photo, Sgt Russell Gilchrest)

# 3 RECONSTRUCTION UPDATE



“Only through the provision of services, establishing law and order, and fostering economic activity nationwide can the Government garner legitimacy in the eyes of its constituents.”

—*Afghan Prioritization and Implementation Plan*

Source: GIRA, “Prioritization and Implementation Plan,” 7/20/2010, p. 4.

## OVERVIEW

Section 3 presents a holistic view of Afghanistan during this reporting period. Updates on accomplishments, challenges, and local initiatives provide context for the oversight needed in reconstruction efforts. The section is divided into five subsections: Status of Funds, Security, Governance, Economic and Social Development, and Counter-Narcotics. The Security, Governance, and Economic and Social Development subsections mirror the three pillars set forth in the 2008 Afghanistan National Development Strategy. The Counter-Narcotics subsection focuses on a cross-cutting issue identified in that strategy.

## TOPICS

Section 3 discusses five broad topics: historical and current funding information, security conditions, governance activities, economic and social development programs, and counter-narcotics initiatives. Quarterly highlights dispersed throughout this section accent a single topic related to reconstruction efforts within a specific subsection.

The Status of Funds subsection provides a comprehensive discussion of the monies pledged and spent for Afghanistan reconstruction. It also includes specific information on major U.S. funds, international contributions, and the budget of the Government of the Islamic Republic of Afghanistan (GIROA).

The Security subsection details the activities of the Afghan National Security Forces, including the Afghan National Army and the Afghan National Police, and discusses U.S. and international efforts to bolster security. A quarterly highlight focuses on three of the main insurgent groups operating in Afghanistan.

The Governance subsection provides an overview of the GIROA's efforts and progress toward achieving good governance. It presents an overview of progress in reintegration; elections; public administration, justice, and prison reforms; anti-corruption efforts; and aspects of human rights, including gender equality and religious freedom. A quarterly highlight focuses on minority representation.

The Economic and Social Development subsection focuses on reconstruction activities in areas ranging from agriculture and energy to health services. It provides a snapshot of the state of the economy and updates on the progress being made in achieving fiscal sustainability, delivering electricity, and boosting agricultural output. A quarterly highlight discusses the rapid growth of communication media.

The Counter-Narcotics subsection describes efforts to reduce the prevalence of narcotics in the Afghan economy. It provides updates on progress in interdiction, drug demand reduction, alternative development programming, and development of capacity to conduct counter-narcotics work. This subsection discusses U.S. and Afghan joint efforts to combat the drug trade and the challenges impeding the success of those efforts. A quarterly highlight provides information about drug addiction in Afghanistan.

## **METHODOLOGY**

Section 3 was compiled using information and data from open sources and U.S. agencies. Except where SIGAR audits or investigations are specifically referenced, SIGAR has not verified this data; the information does not reflect SIGAR's opinions. All data and information is attributed to the reporting organization in endnotes to the text or notes to the tables and figures; because multiple organizations provide the data, numbers may conflict. For a complete discussion of SIGAR audits and investigations this quarter, see Section 2.

## **Data Call**

The data call is a series of questions directed to U.S. agencies about their contributions and involvement in reconstruction programming, and the state of affairs in Afghanistan. The U.S. agencies that participated in the data call for this quarterly report include the following:

- Department of State
- Department of Defense
- Office of Management and Budget
- U.S. Trade and Development Agency

A preliminary draft of the report was provided to the responding agencies prior to publication to allow these agencies to verify and clarify the content of this section.

## **Open-Source Research**

Open-source research draws on the most current, publicly available data from reputable sources. A representative list of sources used in this quarterly report includes the following:

- U.S. agencies represented in the data call
- International Security Assistance Force
- Government Accountability Office
- United Nations (and relevant branches)
- International Monetary Fund
- World Bank
- GIRoA ministries and other Afghan government organizations

Most of the open-source research is included in the preliminary draft that is distributed to agencies participating in the data call, for review before this report is published.

# GRAPHICS KEY

## UNDERSTANDING THE GRAPHICS

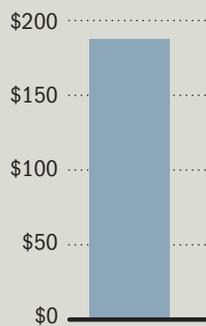
All figures and tables report data for this quarter, except where identified in titles or notes.

### BAR CHARTS

This report discusses many funds and projects with dollar values ranging from millions to billions. To provide an accurate graphical representation of these numbers, some bar graphs appear with a break (a wavy line) to indicate a jump between zero and a larger number.



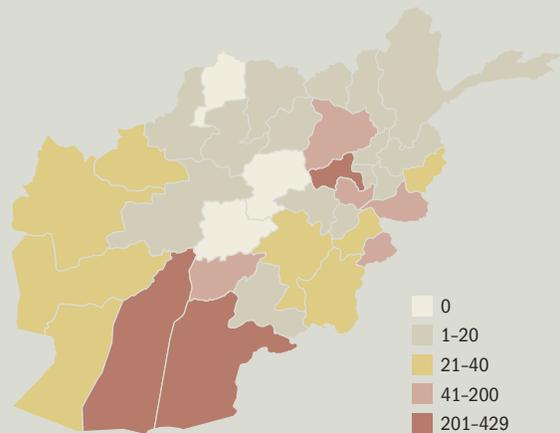
Bar chart with a break in scale



Bar chart without a break in scale

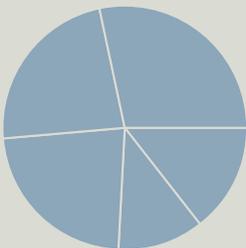
### HEAT MAPS

Heat maps assign colors to provinces, based on pertinent data. Each color represents a data set, defined in a legend; darker colors represent larger numbers, lighter colors show smaller numbers.

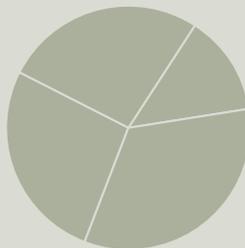


### DISTINGUISHING BILLIONS AND MILLIONS

Because this report details funding in both billions and millions of dollars, it uses a visual cue to distinguish the two measurement units. Dollars reported in billions are represented in blue, and dollars reported in millions are depicted in green.



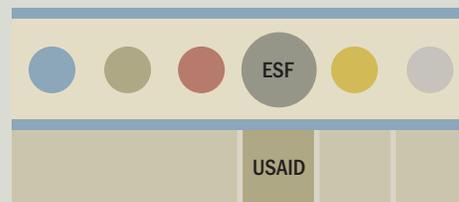
Pie Chart in Billions



Pie Chart in Millions

### FUNDING MARKERS

Funding markers identify individual funds discussed in the text. The agency responsible for managing the fund is listed in the tan box below the fund name.





## STATUS OF FUNDS

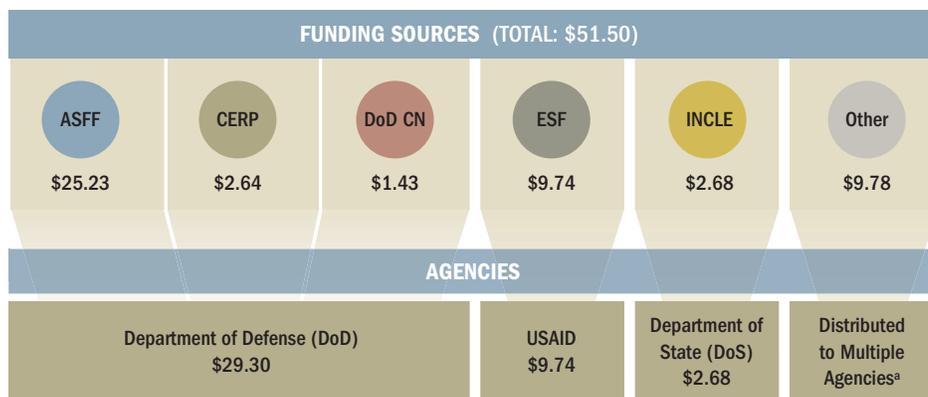
As of June 30, 2010, the United States had appropriated more than \$51.50 billion for relief and reconstruction in Afghanistan since fiscal year (FY) 2002. This cumulative funding total is based on data reported by agencies and amounts appropriated in FY 2010, as shown in Appendix B. This total has been allocated as follows:

- nearly \$26.75 billion for security
- more than \$14.74 billion for governance and development
- nearly \$4.24 billion for counter-narcotics efforts
- more than \$2.05 billion for humanitarian aid
- more than \$3.72 billion for oversight and operations

Figure 3.1 provides an overview of the major U.S. funds that contribute to these efforts.

FIGURE 3.1

### U.S. FUNDS SUPPORTING AFGHANISTAN RECONSTRUCTION EFFORTS (\$ BILLIONS)



**ASFF:** Afghanistan Security Forces Fund

**CERP:** Commander's Emergency Response Program

**DoD CN:** DoD Drug Interdiction and Counter-Drug Activities

**ESF:** Economic Support Fund

**INCLE:** International Narcotics Control and Law Enforcement

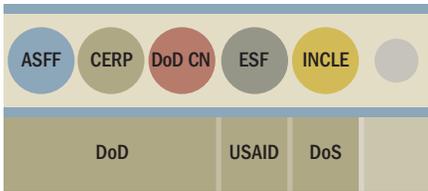
**Other:** Other Funding

Notes: Numbers affected by rounding. USAID data is as of 3/31/2010, because updates were unavailable at the time this report went to press.

a. Multiple agencies include DoJ, DoS, USAID, Treasury, and USDA.

Sources: DoD, responses to SIGAR data call 7/14/2010, 7/13/2010, 10/14/2009, and 10/1/2009; FY 2010 Defense Explanatory Statement; DoS, responses to SIGAR data call, 7/13/2010 and 7/12/2010; Treasury, response to SIGAR data call, 7/13/2010; OMB, response to SIGAR data call, 4/19/2010; USAID, responses to SIGAR data call, 1/15/2010, 1/8/2010, and 10/9/2009; DoJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009.

# STATUS OF FUNDS



The amount provided by the five major U.S. funds together represents 81.0% (nearly \$41.72 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, almost 82.9% (more than \$34.56 billion) has been obligated, and more than 73.1% (nearly \$30.50 billion) has been disbursed. The following pages provide additional details on these funds.

## U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of June 30, 2010, cumulative appropriations for relief and reconstruction in Afghanistan totaled more than \$51.50 billion. This total can be divided into five major categories of reconstruction funding: security, governance and development, counter-narcotics, humanitarian, and oversight and operations. Updated agency data resulted in lower cumulative appropriation totals for FY 2009 and higher cumulative appropriation totals for FY 2010. For complete information regarding U.S. appropriations, see Appendix B.

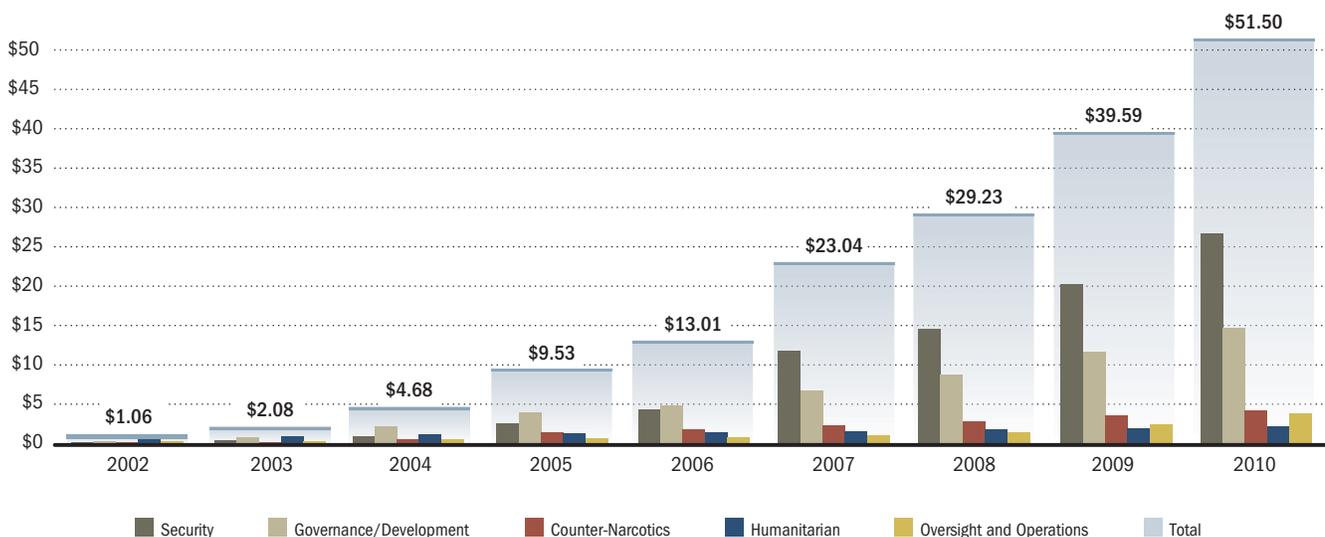
As shown in Figure 3.2, cumulative appropriations as of FY 2010 increased by almost 30.1% over cumulative appropriations as of FY 2009, to more than \$51.50 billion. Since FY 2002, security efforts have received the largest cumulative appropriations. Appropriations for security (nearly \$26.75 billion) account for more than 51.9% of total U.S. reconstruction assistance. In FY 2010, security had a large gain in cumulative appropriations over FY 2009 (more than 32.5%), followed by governance and development (nearly 27.6%), and counter-narcotics (more than 20.8%).

As shown in Figure 3.3 on the facing page, appropriations for FY 2010 amounted to nearly \$11.91 billion, surpassing FY 2009 levels by over 15.0%. This is the largest amount appropriated in a single year for the reconstruction effort.

FY 2010 appropriations for security increased by more than 17.0% over FY 2009 appropriations, to more than \$6.56 billion. Of the total appropriations for FY 2010, security initiatives accounted for almost 55.1%, followed by governance and development with almost 26.8%. Appropriations in FY 2010 for security (more than \$6.56 billion) are the second-largest appropriations made in a single year; the largest (nearly \$7.41 billion) occurred for security in FY 2007.

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF JUNE 30, 2010 (\$ BILLIONS)



Note: Numbers affected by rounding.

Sources: DoD, responses to SIGAR data call 7/14/2010, 7/13/2010, 10/14/2009, and 10/1/2009; FY 2010 Defense Explanatory Statement; DoS, responses to SIGAR data call, 7/13/2010 and 7/12/2010; Treasury, response to SIGAR data call, 7/13/2010; OMB, response to SIGAR data call, 4/19/2010; USAID, responses to SIGAR data call, 1/15/2010, 1/8/2010, and 10/9/2009; DoJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009.

# STATUS OF FUNDS

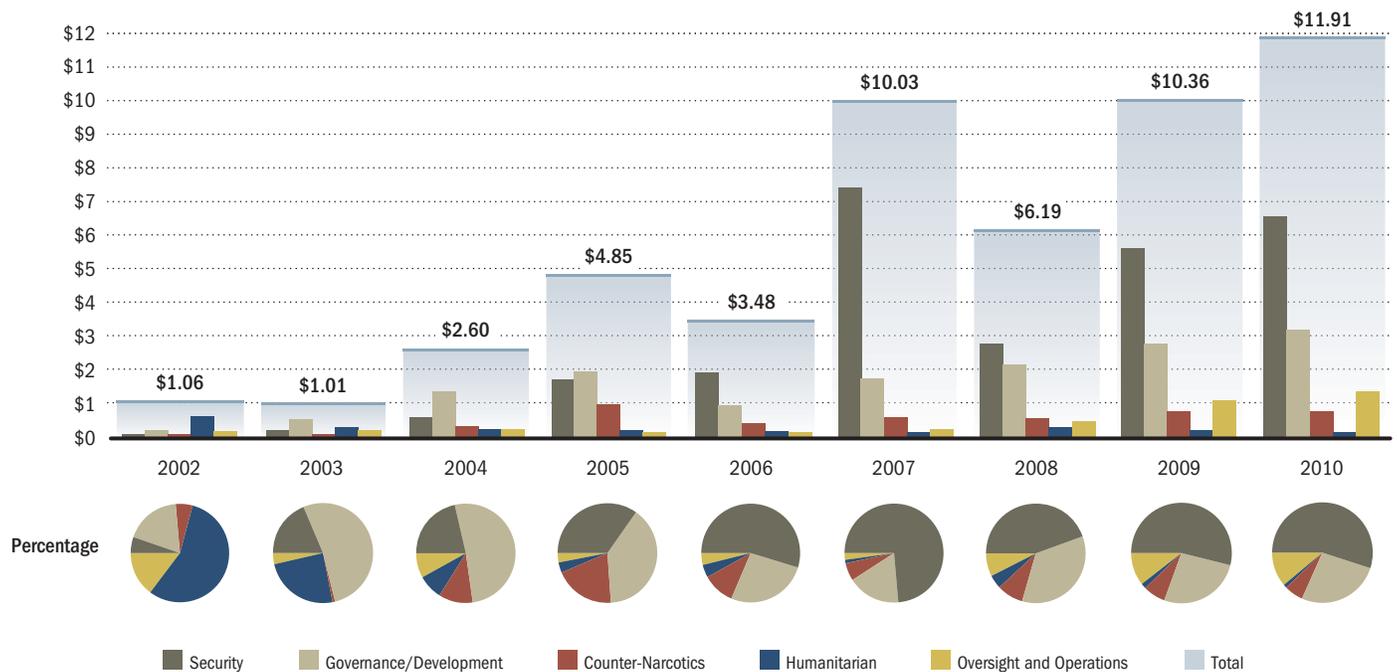
Figure 3.3 displays annual appropriations by funding category from FY 2002 to FY 2010. The bars show the dollar amounts appropriated, and the pie charts show the proportions of the total appropriated by category. These figures reflect amounts as reported by the respective agencies and amounts appropriated in the following legislation:

- the FY 2010 Department of Defense Appropriations Act (FY 2010 DoD Appropriations Act)
- the FY 2010 Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act (FY 2010 Consolidated Appropriations Act)

In previous quarterly reports, the cumulative comparison graphics for each fund depicted the amounts appropriated as reported by the pertinent agency. Last quarter, these graphics also depicted total appropriated funding for FY 2010 as reported by the Office of Management and Budget (OMB). This quarter, total amounts appropriated are reported as provided by OMB in those instances when data is unavailable or reported only as part-year amounts. To reflect this change, the representation of previously reported data has been adjusted in the cumulative comparison graphics on the following pages.

FIGURE 3.3

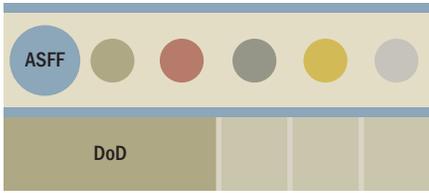
## APPROPRIATIONS BY FISCAL YEAR, AMOUNT, AND PERCENTAGE (\$ BILLIONS)



Note: Numbers affected by rounding.

Sources: DoD, responses to SIGAR data call, 7/14/2010, 7/13/2010, 10/14/2009, and 10/1/2009; FY 2010 Defense Explanatory Statement; DoS, responses to SIGAR data call, 7/13/2010 and 7/12/2010; Treasury, response to SIGAR data call, 7/13/2010; OMB, response to SIGAR data call, 4/19/2010; USAID, responses to SIGAR data call, 1/15/2010, 1/8/2010, and 10/9/2009; DoJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009.

# STATUS OF FUNDS



## ASFF FUNDS TERMINOLOGY

DoD reported ASFF funds as available, obligated, or disbursed.

**Available:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Source: DoD, response to SIGAR data call, 4/13/2010.

## AFGHANISTAN SECURITY FORCES FUND

The Congress created the Afghanistan Security Forces Fund (ASFF) to provide the Afghan National Security Forces (ANSF) with equipment, supplies, services, and training, as well as facility and infrastructure repair, renovation, and construction.<sup>4</sup> The primary organization responsible for building the ANSF is the NATO Training Mission - Afghanistan/Combined Security Transition Command - Afghanistan (NTM-A/CSTC-A).<sup>5</sup>

As of June 30, 2010, nearly \$25.23 billion had been appropriated to the U.S. Department of Defense (DoD) for building the ANSF—almost 49.0% of total U.S. reconstruction assistance in Afghanistan. DoD reported that of this amount, more than \$21.83 billion had been obligated, of which nearly \$20.79 billion had been disbursed.<sup>6</sup> Figure 3.4 displays the amounts made available for the ASFF by fiscal year.

DoD reported that cumulative obligations as of June 30, 2010, increased by more than \$1.56 billion over cumulative obligations as of March 31, 2010. Cumulative disbursements as of June 30, 2010, increased by nearly \$2.37 billion over cumulative disbursements as of March 31, 2010.<sup>7</sup> Figure 3.5 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.4

ASFF AVAILABLE FUNDS BY FISCAL YEAR  
(\$ BILLIONS)



Note: Numbers affected by rounding.  
Source: DoD, response to SIGAR data call, 7/14/2010.

FIGURE 3.5

ASFF FUNDS, CUMULATIVE COMPARISON  
(\$ BILLIONS)



Notes: Numbers affected by rounding. Amounts reported as provided by DoD.  
Sources: DoD, responses to SIGAR data call, 7/14/2010 and 4/13/2010.

# STATUS OF FUNDS

## ASFF Budget Activities

DoD allocates funds to three budget activity groups within the ASFF:<sup>8</sup>

- Defense Forces (Afghan National Army, or ANA)
- Interior Forces (Afghan National Police, or ANP)
- Related Activities (primarily Detainee Operations)

Funds for each **budget activity group** are further allocated to four **sub-activity groups**: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment.<sup>9</sup>

As of June 30, 2010, DoD had disbursed nearly \$20.79 billion for ANSF initiatives. Of this amount, nearly \$13.62 billion was disbursed for the ANA and nearly \$7.08 billion for the ANP; the remaining \$0.09 billion was directed to related activities.<sup>10</sup>

As shown in Figure 3.6, of the funds disbursed for the ANA, the largest portion—nearly \$6.25 billion—supported Equipment and Transportation. Of the funds disbursed for the ANP, the largest portion—nearly \$1.94 billion—also supported Equipment and Transportation, as shown in Figure 3.7.<sup>11</sup>

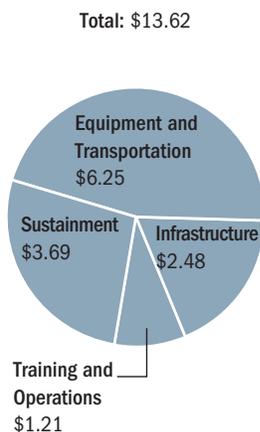
**Budget Activity Groups:** categories within each appropriation or fund account that identify the purposes, projects, or types of activities financed by the appropriation or fund

**Sub-Activity Groups:** accounting groups that break down the command's disbursements into functional areas

Sources: DoD, "Manual 7110.1-M Department of Defense Budget Guidance Manual," accessed 9/28/2009; Department of the Navy, "Medical Facility Manager Handbook," accessed 10/2/2009, p. 5.

FIGURE 3.6

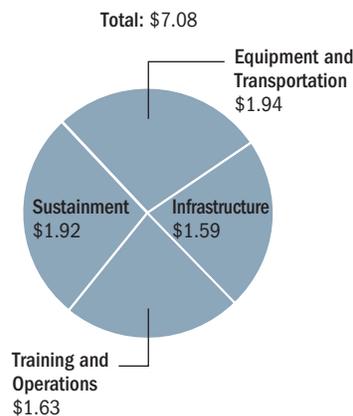
**ASFF DISBURSEMENTS FOR THE ANA**  
By Sub-Activity Group,  
FY 2005–June 30, 2010 (\$ BILLIONS)



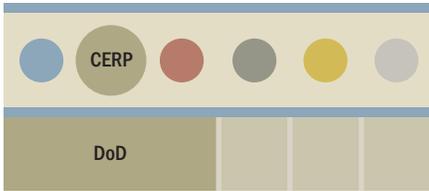
Note: Numbers affected by rounding.  
Source: DoD, response to SIGAR data call, 7/14/2010.

FIGURE 3.7

**ASFF DISBURSEMENTS FOR THE ANP**  
By Sub-Activity Group,  
FY 2005–June 30, 2010 (\$ BILLIONS)



Note: Numbers affected by rounding.  
Source: DoD, response to SIGAR data call, 7/14/2010.



## CERP FUNDS TERMINOLOGY

OMB reported CERP funds as appropriated.

**Appropriations:** Total monies available for commitments

DoD reported CERP funds as appropriated, obligated, or disbursed.

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Sources: OMB, response to SIGAR data call, 4/19/2010; DoD, response to SIGAR data call, 4/14/2010.

## COMMANDER'S EMERGENCY RESPONSE PROGRAM

The Commander's Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility by supporting programs that will immediately assist the local population. Funding under this program is intended for small projects that are estimated to cost less than \$500,000 each.<sup>12</sup> Projects with cost estimates exceeding \$1.00 million are permitted, but they require approval from the Commander of U.S. Central Command.<sup>13</sup>

## Status of Funds

The FY 2010 DoD Appropriations Act provides \$1.20 billion for CERP to promote and support development activities. Of this amount, \$1.00 billion is for initiatives in Afghanistan.<sup>14</sup> This brings the cumulative total funding for CERP to nearly \$2.64 billion—more than 5.1% of total U.S. reconstruction assistance in Afghanistan.<sup>15</sup> As of June 30, 2010, DoD reported that of this amount, nearly \$1.64 billion had been obligated, of which more than \$1.24 billion has been disbursed.<sup>16</sup> Figure 3.8 shows CERP appropriations by fiscal year.

FIGURE 3.8

CERP APPROPRIATIONS BY FISCAL YEAR  
(\$ MILLIONS)

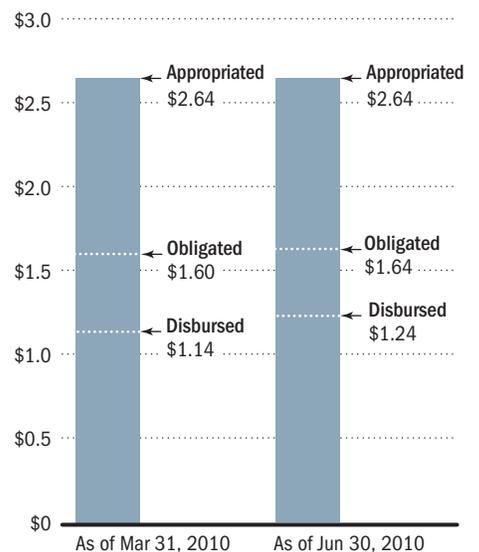


Notes: Data may include inter-agency transfers. Numbers affected by rounding.

Sources: OMB, response to SIGAR data call, 4/19/2010; DoD, response to SIGAR data call, 1/13/2010.

FIGURE 3.9

CERP FUNDS, CUMULATIVE COMPARISON  
(\$ BILLIONS)



Notes: Numbers affected by rounding. Amounts reported as provided by DoD and OMB.

Sources: OMB, response to SIGAR data call, 4/19/2010; DoD, responses to SIGAR data call, 7/15/2010, 4/14/2010, and 1/13/2010.

DoD reported that cumulative obligations as of June 30, 2010, increased by more than \$33.88 million over cumulative obligations as of March 31, 2010. Cumulative disbursements as of June 30, 2010, increased by more than \$98.91 million over cumulative disbursements as of March 31, 2010.<sup>17</sup> Figure 3.9 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

## Categories of CERP Funding

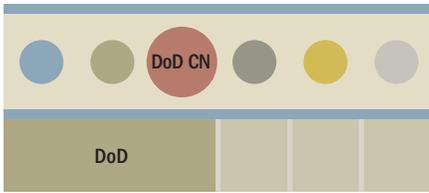
According to DoD, there are two categories of recipients of CERP funding: local Afghan contractors and local Afghan civilians. Projects and payments include battle damage and condolence payments, as well as small-scale projects (less than \$5,000).<sup>18</sup>

DoD reported that in cases when local Afghan contractors cannot fulfill a requirement, CERP funds may be suballocated to other organizations that can fulfill the requirement. These cases include transfers to U.S. government agencies, such as the U.S. Army Corps of Engineers, which receive CERP funds to manage some large-scale infrastructure projects that require a high degree of technical expertise and project management experience. Domestic and foreign (non-Afghan) contractors or nongovernmental organizations (NGOs) occasionally receive CERP funding to carry out humanitarian and reconstruction projects in Afghanistan because Afghan contractors either lack the capacity or are not available at a particular place or time.<sup>19</sup>

CERP funds are not used to pay ministries of the Government of the Islamic Republic of Afghanistan (GIROA) directly or to duplicate services provided by provincial governments. CERP funds are paid to Afghan contractors to support certain ministry projects (such as paying local Afghans to repair a school for the Ministry of Education or repairing a courthouse to support the Ministry of Justice). Using CERP funds to pay salaries, bonuses, or pensions to Afghan military or civilian government personnel is strictly prohibited.<sup>20</sup>

The National Defense Authorization Act, H.R. 2647-329 authorizes the Secretary of Defense to transfer up to \$50.00 million of FY 2010 CERP funding to the Department of State to support the Afghanistan National Solidarity Program. DoD reported that it expects to transfer the entire amount (\$50.00 million) during the current fiscal year.<sup>21</sup>

# STATUS OF FUNDS



## DoD CN FUNDS TERMINOLOGY

DoD reported DoD CN funds as appropriated, obligated, or disbursed.

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Source: DoD, response to SIGAR data call, 4/13/2010.

## DoD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

DoD's Drug Interdiction and Counter-Drug Activities (DoD CN) fund supports DoD's efforts to stabilize Afghanistan by combating the drug trade and related activities. The DoD CN fund provides support to the counter-narcotics effort in the following ways:<sup>22</sup>

- supporting military operations against drug traffickers
- expanding Afghan interdiction operations
- building the capacity of Afghan law enforcement—including the Afghan Border Police—with specialized training, equipment, and facilities

As of June 30, 2010, nearly \$1.43 billion had been appropriated to DoD for counter-narcotics efforts in Afghanistan—almost 2.8% of total U.S. reconstruction assistance in Afghanistan.<sup>23</sup> Figure 3.10 displays DoD CN appropriations by fiscal year. DoD reported that of this amount, nearly \$1.40 billion had been obligated and disbursed.<sup>24</sup> Figure 3.11 shows the cumulative amounts appropriated, obligated, and disbursed for DoD CN-funded initiatives.

FIGURE 3.10

DoD CN APPROPRIATIONS BY FISCAL YEAR (\$ MILLIONS)

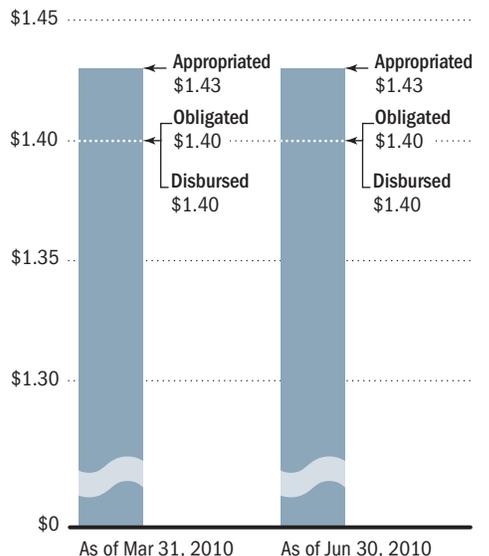


Notes: Data may include inter-agency transfers. Numbers affected by rounding.

Source: DoD, response to SIGAR data call, 7/13/2010.

FIGURE 3.11

DoD CN FUNDS, CUMULATIVE (\$ BILLIONS)



Notes: Numbers affected by rounding. Amounts reported as provided by DoD. No quarterly comparison made because data is unchanged. Obligation data was not provided; thus, obligations were assumed to equal disbursements.

Source: DoD, response to SIGAR data call, 7/13/2010.

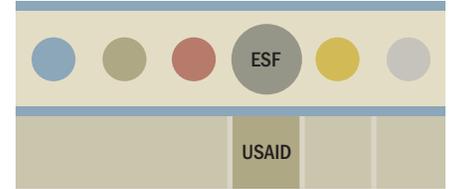
# STATUS OF FUNDS

## ECONOMIC SUPPORT FUND

Economic Support Fund (ESF) programs advance U.S. interests by helping countries meet short-term and long-term political, economic, and security needs. ESF programs support counter-terrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.<sup>25</sup>

Because data for this quarter was not available at press time, the data presented here is as of March 31, 2010. The FY 2010 Consolidated Appropriations Act provides almost \$2.04 billion for ESF programs in Afghanistan. This brings the cumulative total funding for the ESF to nearly \$9.74 billion—more than 18.9% of total U.S. assistance to the reconstruction effort.<sup>26</sup> As of March 31, 2010, USAID reported that of this amount, more than \$7.57 billion had been obligated, of which more than \$5.39 billion has been disbursed.<sup>27</sup> Figure 3.12 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of March 31, 2010, increased by more than \$36.81 million over cumulative obligations as of December 31, 2009. In addition, cumulative disbursements as of March 31, 2010, increased by nearly \$419.65 million over cumulative disbursements as of December 31, 2009.<sup>28</sup> Figure 3.13 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.



### ESF FUNDS TERMINOLOGY

OMB reported ESF funds as appropriated.

**Appropriations:** Total monies available for commitments

USAID reported ESF funds as appropriated, obligated, or disbursed.

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Sources: OMB, response to SIGAR data call, 4/19/2010; USAID, response to SIGAR data call, 4/15/2010.

FIGURE 3.12

**ESF APPROPRIATIONS BY FISCAL YEAR**  
(\$ BILLIONS)

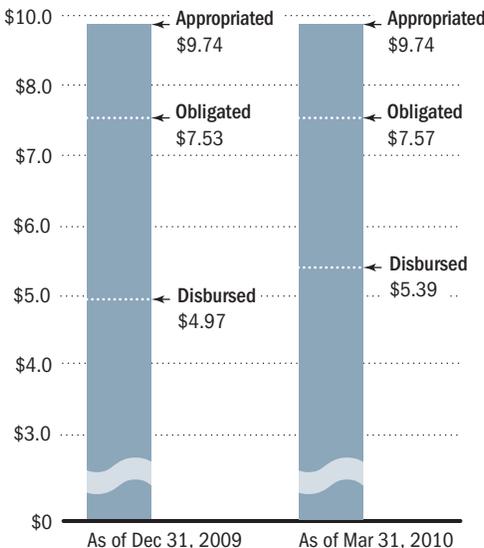


Notes: Data may include inter-agency transfers. Numbers affected by rounding. Data is as of 3/31/2010 because updates were unavailable at press time.

Sources: OMB, response to SIGAR data call, 4/19/2010; USAID, responses to SIGAR data call, 4/15/2010 and 10/9/2009.

FIGURE 3.13

**ESF FUNDS, CUMULATIVE COMPARISON**  
(\$ BILLIONS)



Notes: Data may include inter-agency transfers. Numbers affected by rounding. Amounts reported as provided by USAID and OMB. Data is as of 3/31/2010 because updates were unavailable at press time.

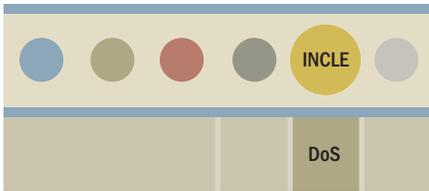
Sources: OMB, response to SIGAR data call, 4/19/2010; USAID, responses to SIGAR data call, 4/15/2010, 1/15/2010, and 10/9/2009.

**Funds appropriated for ESF programs in Afghanistan support various categories of recipients. Appropriations to each category are as follows:**

- 0.21% to local Afghan contractors
- 0.84% to GIROA ministries
- 1.95% to non-U.S. and non-Afghan contractors
- 26.20% to international organizations
- 69.56% to domestic U.S. contractors
- 1.24% to the U.S. government

Source: USAID, response to SIGAR data call, 4/6/2010.

# STATUS OF FUNDS



## INL FUNDS TERMINOLOGY

OMB reported INL funds as appropriated.

**Appropriations:** Total monies available for commitments

INL reported INCLE and other INL funds as allotted, obligated, or liquidated.

**Allotments:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Liquidations:** Monies that have been expended

Sources: OMB, response to SIGAR data call, 4/19/2010; DoS, response to SIGAR data call, 4/9/2010.

**Funds allotted to INCLE for initiatives in Afghanistan support various categories of recipients. Allotments to each category are as follows:**

- 68% to local Afghan contractors
- 20% to GIRoA ministries
- 7% to international organizations
- 3% to U.S. government and quasi-government organizations
- 2% to U.S.-based nongovernmental organizations

Note: Derived from informal data as provided by DoS.

Sources: DoS, response to SIGAR vetting, 1/19/2010; DoS, response to SIGAR data call, 1/9/2010.

## INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL) manages an account for advancing rule of law and combating narcotics production and trafficking—the International Narcotics Control and Law Enforcement (INCLE) account. INCLE supports several INL program groups, including police, counter-narcotics, and rule of law and justice.<sup>29</sup>

As of June 30, 2010, more than \$2.68 billion had been allotted to INL for INCLE-funded efforts—more than 5.2% of total U.S. reconstruction assistance in Afghanistan. INL reported that of this amount, nearly \$2.13 billion had been obligated, of which nearly \$1.68 billion had been liquidated.<sup>30</sup> Figure 3.14 displays INCLE allotments by fiscal year.

INL reported that cumulative obligations as of June 30, 2010, increased by nearly \$32.65 million over cumulative obligations as of March 31, 2010. Cumulative liquidations as of June 30, 2010, increased by more than \$89.59 million over cumulative liquidations as of March 31, 2010.<sup>31</sup> Figure 3.15 provides a cumulative comparison of amounts allotted, obligated, and liquidated.

FIGURE 3.14

### INCLE ALLOTMENTS BY FISCAL YEAR

(\$ MILLIONS)



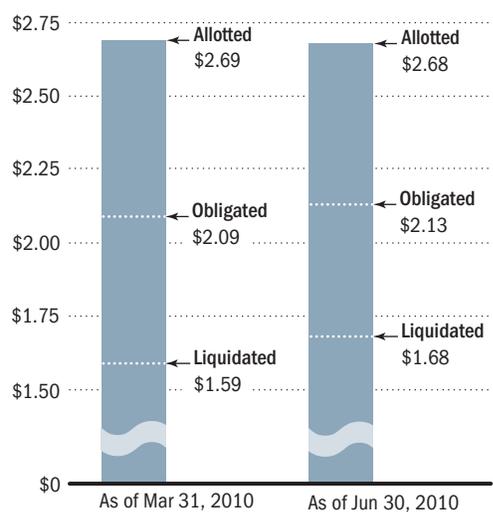
Notes: Data may include inter-agency transfers. Numbers affected by rounding.

Source: DoS, response to SIGAR data call, 7/13/2010.

FIGURE 3.15

### INCLE FUNDS, CUMULATIVE COMPARISON

(\$ BILLIONS)



Notes: Data may include inter-agency transfers. Numbers affected by rounding. Updated data from DoS resulted in a lower figure for allotments than the figure reported last quarter by OMB for appropriations.

Sources: DoS, response to SIGAR data call, 7/13/2010; OMB, response to SIGAR data call, 4/19/2010; DoS, response to SIGAR data call, 4/9/2010.

## GIRoA BUDGET AND BUDGET EXECUTION

Updated data for the GIRoA budget was unavailable at the time this report went to press.

## INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

The international community provides a significant amount of funding, in addition to assistance provided by the United States, to support reconstruction efforts in Afghanistan. Concerns regarding the institutional capacity within the GIRoA caused many international donors to use trust funds as a method to provide assistance to Afghanistan, as noted in SIGAR's April 2010 quarterly report. Donors also use trust funds to accomplish other efforts:<sup>32</sup>

- Channel resources in line with Afghan priorities to strengthen the ownership and accountability of the GIRoA.
- Channel resources through the Afghan budget to strengthen the GIRoA's capacity to use the budget to prioritize, direct, and allocate resources.
- Offer a collective platform for donor funding to reduce the transaction costs for the government.
- Offer a collective platform for donor-government dialogue to create leverage for the government to implement critical reforms.
- Offer an efficient channel for funding national priority programs—which are more effective mechanisms for development than individual projects.

Funds from international donors are pooled and then distributed for reconstruction activities. The two main sources of such funding are the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOTFA).<sup>33</sup>

## Contributions to the Afghanistan Reconstruction Trust Fund

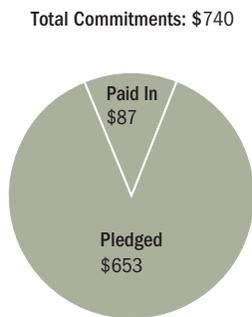
From 2002 to May 21, 2010, according to the World Bank, 32 international donors had contributed \$3.7 billion to the ARTF. The United States has provided nearly \$722 million of this amount. These contributions maintain the trust fund's status as the largest contributor to the GIRoA budget for both operating costs and development programs.<sup>34</sup> Contributions are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window. As of May 21, 2010, contributions to the RC Window amounted to \$1.95 billion. The RC Window supports the operating costs of the GIRoA, because domestic revenues continue to be insufficient to support its recurring costs.<sup>35</sup> The Investment Window supports the costs of development programs.<sup>36</sup> As of May 2010, the ARTF funded 20 active projects. These projects have a combined commitment value of more than \$1.03 billion, of which \$779.92 million has been disbursed.<sup>37</sup>

The GIRoA's operating costs continue to increase year over year, resulting in a declining share of support to the overall budget from the RC Window, as reported by the World Bank. Approximately 50% of the ARTF's RC Window resources are

# STATUS OF FUNDS

FIGURE 3.16

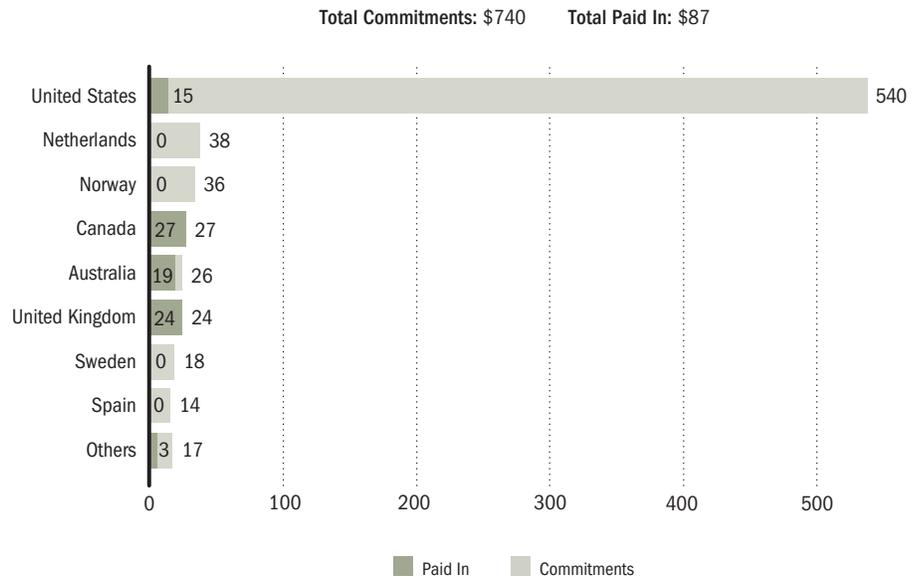
**ARTF CONTRIBUTIONS FOR 2010 BY STATUS, AS OF JUNE 21, 2010**  
Proportion of Amounts Paid In to Amounts Committed (\$ MILLIONS)



Note: Numbers affected by rounding.  
Source: World Bank, "ARTF: Administrator's Report on Financial Status as of 6/21/2010," p. 1.

FIGURE 3.17

**ARTF CONTRIBUTIONS FOR 2010 BY DONOR, AS OF JUNE 21, 2010** (\$ MILLIONS)



Note: Numbers affected by rounding.  
Source: World Bank, "ARTF: Administrator's Report on Financial Status as of 6/21/2010," p. 1.

provided to the Ministry of Education. The ministry receives such a significant amount of resources from the ARTF because roughly 60% of the nonuniformed civil service consists of teachers.<sup>38</sup> In the past two years, the Investment Window has increased significantly in volume and scope, according to the World Bank. In fact, commitments for investments over this time period have exceeded those for recurrent costs. The World Bank reported that the disbursement rates for the Investment Window have also been high, with 75% of commitments disbursed as of May 21, 2010.<sup>39</sup> Figure 3.16 and Figure 3.17 show contributions by status and by donor to the ARTF as of June 21, 2010.

During the reporting period, the GIROA and international donors reached an agreement on the ARTF's Incentive Program for the Afghan fiscal year 1390 (the solar year that runs from March 20, 2010, to March 21, 2011). The agreement provides for funding to be made available to the ARTF RC Window and for additional discretionary funding—on an annual basis—in return for concomitant economic policy reforms. The agreement has three themes:<sup>40</sup>

- sustaining domestic revenues
- improving public sector governance
- enabling private sector development

The GIRoA has included the ARTF Incentive Program in its reform program for the July 20 Kabul Conference. On June 12, 2010, a Memorandum of Understanding was signed between the World Bank and the Ministry of Finance. The Incentive Program has the following objectives:<sup>41</sup>

- predictable ARTF RC Window funding over the medium term
- support for the GIRoA's core policy reforms, including domestic revenue generation
- strengthening the ARTF as a platform for policy dialogue between donors and the GIRoA
- clearer strategic objectives for the ARTF RC Window

The Incentive Program also allows for increased allocations towards the financing of the GIRoA's core development programs through the ARTF Investment Window.<sup>42</sup>

## Contributions to the Law and Order Trust Fund for Afghanistan

In its progress report for the first calendar quarter of 2010, the United Nations Development Programme (UNDP) reported that expenditures from the LOTFA over the reporting period amounted to nearly \$138.10 million.<sup>43</sup> A large portion of these funds paid the salaries of approximately 96,000 ANP personnel—a principal priority of the fund.<sup>44</sup> The LOTFA has been implemented in phases; it is currently in its fifth phase, which has the following priorities:<sup>45</sup>

- payment of ANP salaries
- institutional development
- procurement, maintenance, and operations of non-lethal police equipment and supplies
- rehabilitation, maintenance, and operations of police facilities
- gender orientation (selection, recruitment, and training of police)
- payment of uniformed personnel employed by the Central Prisons Department through specially earmarked contributions

According to the UNDP report, the LOTFA reimburses the MoF for the payment of ANP salaries and food allowances, in addition to other project priorities. This helps to ensure that the ANP receives salary payments in a transparent and timely manner.<sup>46</sup> In an effort to promote the fiscal sustainability of LOTFA expenditures and to lessen the financial burden on donors, the MoF agreed to forego reimbursement of food allowance payments and to assume full responsibility for these payments to the ANP.<sup>47</sup> The fifth phase of LOTFA is set to end on August 31, 2010. The UNDP noted that the GIRoA and international donors will discuss whether to extend the fund and for what duration of time.<sup>48</sup>



## SECURITY

Developing capable, well-trained, and self-sufficient Afghan National Security Forces (ANSF) continues to be a key component of the U.S. strategy to help the Government of the Islamic Republic of Afghanistan (GIROA) become sustainable.<sup>49</sup> This strategy is in line with the GIROA's stated plans and goals. At the Kabul Conference, Afghan President Hamid Karzai announced that, by 2014, Afghanistan will assume all military and security responsibilities. The details of the Afghan Prioritization and Implementation Plan for the transition of security responsibilities to the ANSF calls for the four stages of the plan to include the following milestones and goals:<sup>50</sup>

- Stage One: Transfer responsibilities for Provincial Reconstruction Teams (PRTs) from military to civilian leadership; the ANSF maintains the lead for security operations with the International Security Assistance Forces (ISAF), moving from a supported to supporting role.
- Stage Two: Provinces provide adequate justice and public services; PRTs become Provincial and District Support Teams; ISAF transitions from partner to mentor and liaison to the ANSF.
- Stage Three: ISAF Operational Mentor and Liaison Teams (OMLTs) continue to support the ANSF to increase its capabilities; OMLTs progressively reduce in size commensurate with increased ANSF capabilities.
- Stage Four: Complete Afghan ownership of security; the ANSF is able to conduct operations independently; ISAF provides minimal advisory and mentoring assistance; the strategic partnership between Afghanistan and international partners is further deepened and expanded.

As of June 30, 2010, the United States had appropriated nearly \$26.75 billion—including more than \$6.56 billion for FY 2010—to develop the ANSF. Most of these funds were appropriated through the Afghanistan Security Forces Fund (ASFF), administered by the U.S. Department of Defense (DoD), which provides equipment, services, training, and infrastructure-related assistance to the ANSF.<sup>51</sup> As shown in Appendix B of this report, this amount is more than all other U.S. relief and reconstruction funding categories combined.

# SECURITY

TABLE 3.1

STRATEGIC PRIORITIES FOR SECURITY				
Priority	ANDS Target	Current Target	Status	ANDS Completion Date
Afghan National Army	80,000 troops (plus 6,600 in training)	134,000 troops (by 10/2010) 171,600 troops (by 10/2011)	129,885 troops (as of 6/20/2010)	End of 2010
Afghan National Police	82,180 police officers	109,000 police officers (by October 2010) 134,000 police officers (by 10/2011)	105,873 police officers (as of 6/20/2010)	End of 2010
Disarmament of Illegal Armed Groups	All illegal armed groups disbanded in all provinces		98 of 140 DIAG-targeted districts declared compliant	March 20, 2011
Removing Unexploded Ordnance	Land area contaminated by mines and unexploded ordnance reduced by 70%		UN: Land area contaminated by mines and unexploded ordnance reduced by 47%	End of 2010
	90% of all known areas contaminated by mines or explosive remnants of war cleared		DoS: 665 million square meters of contaminated land remain	2012
	All emplaced anti-personnel mines cleared			2013

Notes: Numbers affected by rounding. Priorities were originally based on Afghanistan National Development Strategy (ANDS) targets.

Sources: GIRoA, "Afghanistan National Development Strategy, Executive Summary," 6/2008, p. 6; NTM-A/CSTC-A, response to SIGAR data call, 7/6/2010; UNDP "Afghanistan's New Beginning Programme: DIAG Fast Facts," 7/3/2010; UN, "Mine Action Programme of Afghanistan Newsletter: May 2010," 5/2010, p. 4; DoS, response to SIGAR data call, 6/30/2010.

## SECURITY GOALS

The ANSF force strength, according to DoD, has surpassed targeted goals, growing from 170,537 in May 2009 to 235,758 in June 2010. This latest number includes 129,885 in the Afghan National Army (ANA) and 105,873 in the Afghan National Police (ANP).<sup>52</sup> Table 3.1 shows the status of progress toward security goals.

## SECURITY EVENTS

On June 6, the chief of the Afghan National Directorate for Security and the Minister of Interior resigned, at the behest of Afghan President Hamid Karzai, following the insurgent attacks on the GIRoA's Peace Jirga.<sup>53</sup> On June 23, U.S. President Barack Obama accepted the resignation of General Stanley McChrystal as the commander of ISAF and the U.S. Forces - Afghanistan (USFOR-A) and nominated General David Petraeus as his replacement.<sup>54</sup> On July 4, 2010, Petraeus, the former commander of U.S. Central Command (CENTCOM), assumed his new duties in Afghanistan.<sup>55</sup>

## Operation Moshtarak

In February 2010, coalition forces launched Operation Moshtarak, which mobilized 15,000 ANA and ISAF troops, according to DoD, to force the Taliban out of central Helmand and central Kandahar.<sup>56</sup> During the first phase, the operation worked to create freedom of movement across southern Afghanistan, mainly on

the major highways. The second phase—which continued this quarter—is a shape, clear, hold, and build operation in central Helmand. The ANSF will lead the third phase, to expand into central Kandahar.<sup>57</sup> DoD officials have repeatedly stressed the importance of Operation Moshtarak in turning the tide against the Taliban and establishing Afghan-led security.<sup>58</sup> DoD reported that it expects total security forces in Kandahar to number more than 20,000 by the end of August 2010—up from 7,300 in June 2009.<sup>59</sup>

This quarter, U.K. soldiers and Afghan security forces made inroads south into insurgent-held territory in Helmand, according to CENTCOM, to force Taliban fighters from the Nad 'Ali district. The forces established three patrol bases to use as footholds to provide protection to local inhabitants from insurgents while U.K. bomb disposal experts cleared IEDs from nearby roads. In June, CENTCOM reported that these forces were focused on holding their ground so that reconstruction and development projects can begin.<sup>60</sup>

## SIGAR Audits the Capability Milestone Rating System

Developing a self-sufficient ANSF is one of the main components of the U.S. strategy to improve security in Afghanistan.<sup>61</sup> Over the past five years, ANSF readiness has been measured by the Capability Milestone (CM) rating system. This quarter, SIGAR released an audit report on the effectiveness of the CM rating system.<sup>62</sup> The audit was conducted from October 2009 to May 2010.<sup>63</sup>

In April, the ISAF Joint Command (IJC) stopped using the CM rating system, transitioning to a new system, the Commander's Unit Assessment Tool (CUAT).<sup>64</sup> The CUAT system, which is managed by IJC, is now in use and operating on a six-week cycle. The new system includes ratings on leadership, operations, intelligence, logistics, equipping, personnel, maintenance, communications, and training and education.<sup>65</sup> DoD plans to begin reporting the results of the assessments in the upcoming months and to include them in the October submission of the Section 1230 report to the Congress.<sup>66</sup>

For more information on SIGAR's audit of the CM rating system, see Section 2 of this report.

## SECURITY INCIDENTS

This quarter, the IJC reported that attacks were up by 53% over last quarter; however, DoD reported that this was due to the increased presence of ISAF troops in areas they had not previously occupied.<sup>67</sup> In June 2010, the Acting Minister of Interior told the press that only 9 of Afghanistan's 364 districts were considered safe.<sup>68</sup> IJC reported 6,880 attacks on the ANSF, coalition forces, and civilians:

- 3,918 **direct fire attacks**
- 1,026 **indirect fire attacks**
- 1,428 **improvised explosive device (IED) attacks**
- 508 **complex attacks**

Nearly half of all direct fire attacks occurred in Helmand.<sup>69</sup>

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**Direct fire attack:** Any engagement or attack initiated with only direct fire weapons.

**Indirect fire attack:** Engagements and attacks involving indirect fire weapons systems, including mortars, rockets, etc.; does not involve other weapons.

**IED attack:** An incident caused by the detonation of an improvised explosive device.

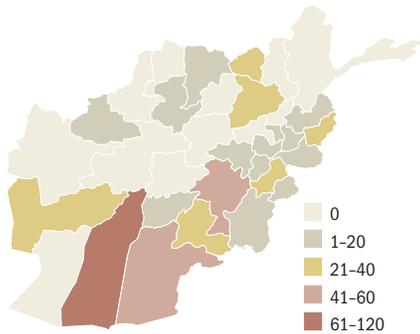
**Complex attack:** Any engagement involving a combination of weapon deployment systems, such as direct fire following an IED attack or a direct attack following a mortar attack.

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Source: IJC, response to SIGAR data call, 4/1/2010.

FIGURE 3.18

## ANA CASUALTIES BY PROVINCE



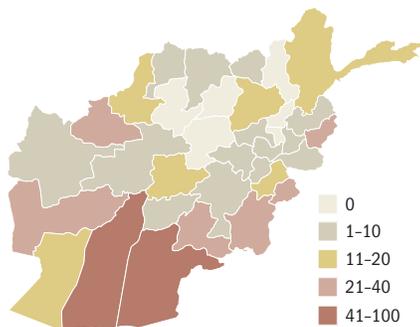
Note: Casualties reported from 4/1/2010 to 6/30/2010.  
Source: IJC, response to SIGAR data call, 7/6/2010.

In June, the Secretary-General of the United Nations (UN) reported that armed clashes and IED incidents accounted for one-third of incidents reported this quarter. On average, about three suicide attacks occurred per week—half of which were carried out in the southern region. Complex suicide attacks occurred at an average rate of two per month, double the figure recorded in 2009. For example, recent attacks in Kabul and Helmand targeted guesthouses used by international civilians. In addition, insurgents assassinated approximately seven people per week (mainly in the southern and southeastern areas where Operation Moshtarak has been under way since February)—a 45% increase over the same period in 2009. In the city of Kandahar, assassinations targeted civil servants, clerics, and elders.<sup>70</sup>

According to the Secretary-General, the rate of IED attacks within the first four months of 2010 was 94% higher than during the same period in 2009. According to IJC, 1,449 IEDs were identified and cleared during the quarter—about the same number as last quarter.<sup>71</sup> Figure 3.18 and Figure 3.19 show that the provinces with the highest numbers of ANA and ANP casualties were in the south, where Operation Moshtarak is under way.

FIGURE 3.19

## ANP CASUALTIES BY PROVINCE



Note: Casualties reported from 4/1/2010 to 6/30/2010.  
Source: IJC, response to SIGAR data call, 7/6/2010.

## AFGHAN NATIONAL ARMY

As of June 20, 2010, ANA troop strength was 129,885—an increase of more than 17,000 troops since March 20, 2010.<sup>72</sup> According to ISAF, the ANA has a target troop strength of 171,600 by October 2011.<sup>73</sup> This quarter, the NATO Training Mission - Afghanistan/Combined Security Transition Command - Afghanistan (NTM-A/CSTC-A) and the Ministry of Defense (MoD) fielded 25 ANA units, ranging from company to battalion size. The units included brigade headquarters, support units, infantry kandaks, a commando kandak, and the first four Special Forces teams.<sup>74</sup>

### ANA Training

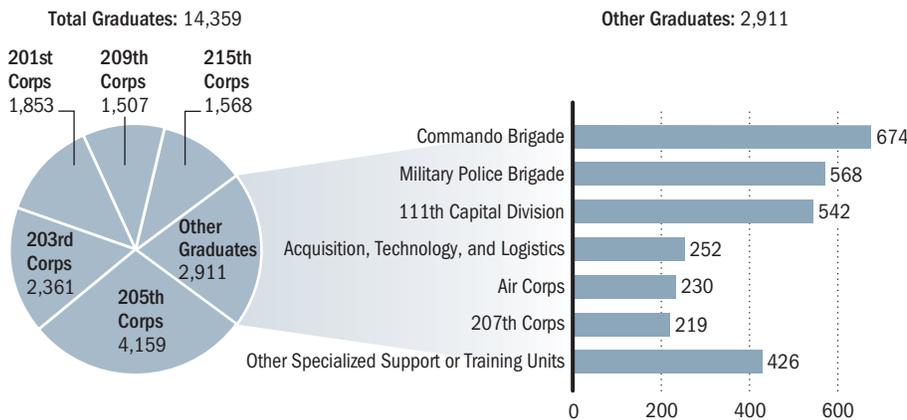
NATO commanders have expressed concern about the lack of well-trained officers and noncommissioned officers (NCOs) in the ANA. On June 2, 2010, the NTM-A deputy commander pointed out that despite the growth in troop strength, there is a critical shortfall of trained leaders.<sup>75</sup> NTM-A is planning to train approximately 4,500 officers and 15,000 NCOs in 2011. As part of this plan, NTM-A announced that it will send the top recruits from every Basic Warrior training class to the NCO training course. DoD reported that 1,650 recruits began training this quarter and that an expansion of the program will result in approximately 1,500 NCOs being trained during each 12-week cycle.<sup>76</sup>

This quarter, NTM-A/CSTC-A reported that 27,392 ANA personnel received some form of training in a spectrum of subjects.<sup>77</sup> Of those who were trained, 14,359 graduated from training courses to prepare them for placement within their assigned unit, as shown in Figure 3.20. Of those who graduated, 785 were officers, and 1,244 were NCOs.<sup>78</sup> Figure 3.21 shows how many students graduated from ANA training schools.

As noted in SIGAR's April 2010 quarterly report, work has begun on the new training center for the ANA that will house the Afghan Defense University.<sup>79</sup> The University, which will include the West Point-style National Military Academy, will be located on a 105-acre site in Kabul. It is expected to serve approximately 7,000 students and faculty members through eight schools for the ANSF and government ministries. As of June 16, 2010, the school is 20% complete; ISAF reported that it is expected to open in March 2011.<sup>80</sup>

FIGURE 3.20

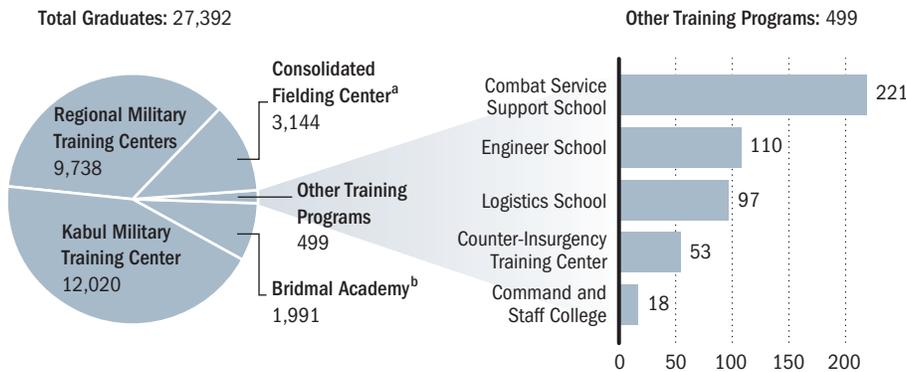
### ANA TRAINING GRADUATES BY UNIT ASSIGNMENT



Source: NTM-A/CSTC-A, response to SIGAR data call, 7/6/2010.

FIGURE 3.21

### ANA TRAINING GRADUATES BY SCHOOL



a. At the Consolidated Fielding Center, units form, equip, and conduct initial collective training.  
 b. Bridmal Academy is for NCOs.

Source: NTM-A/CSTC-A, response to SIGAR data call, 7/6/2010.

**Tashkil:** Lists of personnel and equipment requirements used by the MoD and the Mol that detail authorized staff positions and equipment items, in this case for the ANA and the ANP.

Source: GAO, GAO-08-661, "Afghanistan Security," 6/2008, p. 18.

## Women in the ANA

This quarter, NTM-A/CSTC-A reported that 301 women serve in the ANA (0.2% of all personnel)—166 officers, 104 NCOs, and 31 officer candidates. Women are assigned to duties in information technology, health care, investigations, education and training, administration, family support, security, logistics, engineering, aviation, and communications. NTM-A/CSTC-A reported that many women serving in the ANA had prior experience with military service. On May 1, 2010, the first ANA training course for female officers was initiated. The rank structure for women ranges from sergeant to brigadier general; however, many women serve in positions beneath their pay grade, and no woman serves in a **tashkil** position higher than colonel.<sup>81</sup>

## ANA Infrastructure

This quarter, DoD reported that 3 new infrastructure projects were awarded (worth \$48.2 million), 50 were ongoing (\$840.8 million), and 3 were completed (\$70.5 million). These projects are designed to contribute to the long-term viability of the ANA. They include construction projects and the procurement of permanent equipment necessary for support, redeployment, and operations of army forces. Construction projects included barracks, headquarters, training buildings or ranges, administrative spaces, warehouses and storage buildings, and maintenance facilities. Once completed, facilities are sustained through a national operation and maintenance (O&M) contract, which includes training in preparation for the eventual turnover of O&M responsibility to the MoD. DoD noted that increasing the involvement of local governments and workforces is key to addressing the central challenge of establishing and maintaining security.<sup>82</sup>

## ANA Equipment

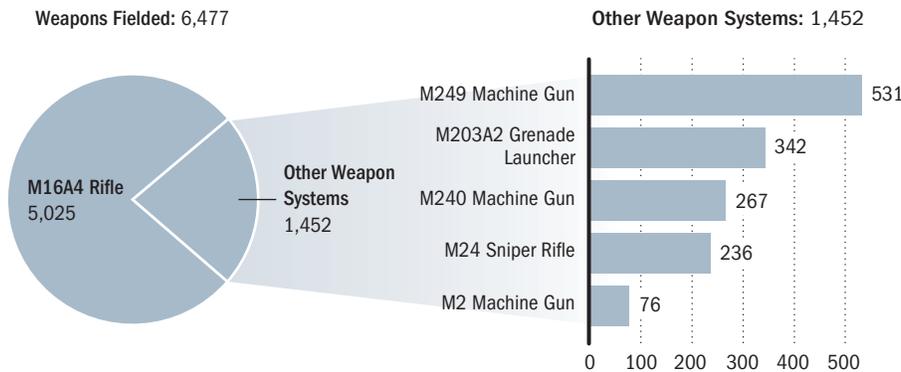
This quarter, NTM-A/CSTC-A reported that DoD conducted the first training for Afghan officers in the U.S. government's Foreign Military Sales (FMS) program. Thirty officers participated in the training, which prepared them to use the government-to-government method for purchasing U.S. defense equipment, services, and training.<sup>83</sup>

This quarter, NTM-A/CSTC-A worked with the Defense Security Cooperation Agency and the U.S. Army Security Assistance Command to speed up the delivery of weapons and communication equipment to meet fielding plans. Figure 3.22 shows that the ANA fielded 5,025 U.S.-made M16A4 rifles and 1,452 other weapons from April 1 to June 23, 2010. Table 3.2 shows that 647 vehicles and 902 radios were fielded. All this equipment supplemented existing equipment; no replacement equipment was issued. In addition, the ANA Air Corps added two C-27 transport aircraft to its inventory, bringing its fleet to the following totals:<sup>84</sup>

- 25 Mi-17 and 9 Mi-35 helicopters
- 1 An-26, 5 An-32, and 5 C-27 transports
- 3 L-39 jets

FIGURE 3.22

## ANA WEAPONS FIELDDED



Note: These weapons were transferred to ANA forces from 4/1/2010 to 6/23/2010.  
Source: NTM-A/CSTC-A, response to SIGAR data call, 7/6/2010.

TABLE 3.2

## ANA RADIOS AND VEHICLES FIELDDED

Vehicles	
Light and medium tactical vehicles	484
Up-armored HMMWVs <sup>a</sup>	163
Radios	
VHF radios <sup>b</sup>	661
HF radios <sup>c</sup>	241

a. Up-armored HMMWVs include M1151, M1152, and M1152 ambulance models.  
b. Very High Frequency (VHF) radios include various configurations of the PRC-1077 and HH7700 radio systems.  
c. High Frequency (HF) radios include various configurations of the RT-7000 and PRC-1099 radio systems.

Source: NTM-A/CSTC-A, response to SIGAR data call, 7/6/2010.

## AFGHAN NATIONAL POLICE

As of June 20, 2010, ANP personnel strength was 105,873—an increase of more than 6,000 personnel.<sup>85</sup> According to ISAF, the ANP's goal is to reach 109,000 personnel by October 2010 and 134,000 by October 2011.<sup>86</sup>

The ANP includes the Afghan Uniform Police (AUP), the Afghan Border Police (ABP), and the Afghan National Civil Order Police (ANCOP); all but the ANCOP had surpassed their targeted end-strength goals as of late June. To encourage recruitment and retention, ISAF is giving hazardous duty incentive pay and signing bonuses to ANCOP personnel. Moreover, ISAF is looking at providing coalition mentoring and other measures to reduce ANCOP attrition.<sup>87</sup>

On June 25, 2010, SIGAR informed officials from DoD and the Department of State (DoS) that it will conduct an audit of personnel management in the ANP. This audit was originally designed to review the ANSF; the scope was changed to avoid duplicating an audit of the ANA being done by the Government Accountability Office. Fieldwork for SIGAR's audit is scheduled to begin in August 2010.<sup>88</sup>

## ANP Training

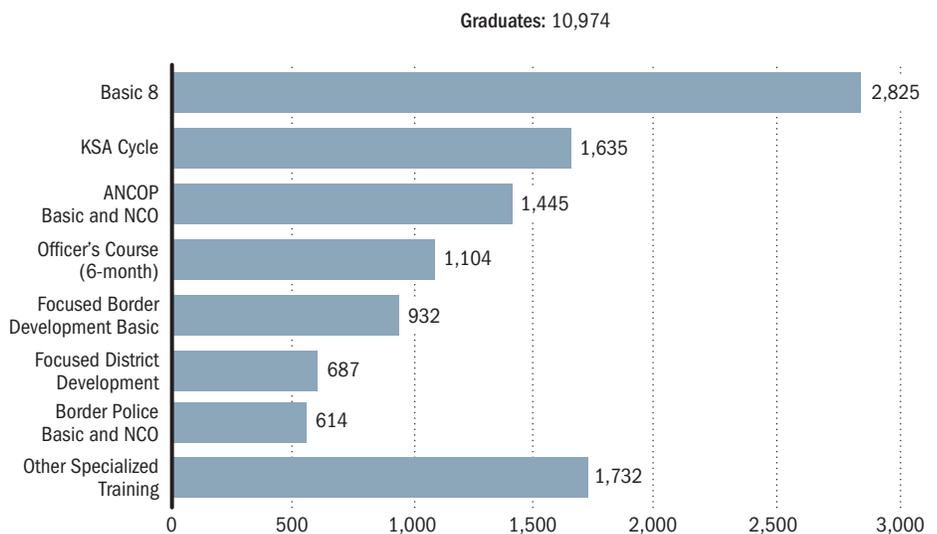
This quarter, NTM-A/CSTC-A reported that 11,981 ANP students registered for training programs and that 10,974 students graduated from them, as shown in Figure 3.23. The programs cover a range of topics, including basic and advanced patrolling, counter-narcotics, driving, investigations, trauma assistance, border security, and leadership.<sup>89</sup>

DoD leads the U.S. effort to staff, train, and equip the ANP, and several separate contracts support this effort. For example, DoS manages a contract to provide civilian police trainers to the ANP. However, DoD reported that DoS is in the process of transferring management of this contract to DoD. In preparation for taking over contract management, DoD is conducting an open competition. Although the process of awarding a contract of this size (estimated at \$1 billion over three years) usually takes 12 months to complete, DoD reported that it has accelerated the milestones associated with this procurement. On May 25, 2010, DoD issued a draft request for proposals; more than 80 companies attended the related industry days on June 9 and 10. DoD reported that it posted the final request for proposals on July 16 and expects to award the contract by the end of the year.<sup>90</sup>

On June 21, 2010, more than 1,100 cadets graduated from a six-month training program at the ANP Academy in Kabul. The new officers will be the first to be deployed through the Ministry of Interior's (MoI) new process for assigning officers on the basis of unit requirements and operational priorities. According to NTM-A, two additional six-month training cycles are planned for 2011.<sup>91</sup>

FIGURE 3.23

### ANP TRAINING GRADUATES BY PROGRAM



Source: NTM-A/CSTC-A, response to SIGAR data call, 7/6/2010.

U.S. Marines and Italian Carabinieri continued to work together to train members of the AUP and the ANCOP—more than 1,000 recruits, NCOs, and officers this quarter. Training took place at the Afghan National Training Center in Adraskan, Herat.<sup>92</sup>

The European Union Police Mission (EUPOL) in Afghanistan reported that 265 international and 163 local staff members were providing police training and rule-of-law expertise to the MoI and ANP, as of June 6, 2010. From March 2009 through June 2010, EUPOL trained approximately 675 Afghan police trainers, 300 MoI inspectors (in anti-corruption investigation techniques), and more than 1,000 Afghan police officers (in basic investigations and crime scene investigation techniques). EUPOL has a budget of €54.6 million for the period from May 31, 2010, to May 31, 2011.<sup>93</sup> On May 18, 2010, the Council of the European Union extended EUPOL's mission to May 31, 2013.<sup>94</sup>

## ANP Literacy

Since March 2009, the ANP literacy program has been using the Ministry of Education's adult literacy curriculum to address low literacy rates among its personnel. NTM-A/CSTC-A reported that 2,889 ANP members (including 36 officers and 231 NCOs) have graduated from the program as of June 30, 2010. This figure includes 2,497 members of the AUP, 184 members of the ABP, 169 Special Police, and 39 members of the ANCOP. According to NTM-A/CSTC-A, 12,806 personnel enrolled in the literacy program in April 2010, and 12,753 enrolled in May 2010; however, most do not continue beyond the mandatory 64 hours of instruction required during basic training. In April and May 2010, NTM-A/CSTC-A randomly tested ANCOP personnel and found that about 6% of them were literate. To address the need for literacy training, NTM-A/CSTC-A fielded literacy program instructors to ANCOP Battalion and Brigade Headquarters.<sup>95</sup>

## Women in the ANP

As of late June 2010, approximately 1,100 women were serving in the ANP, according to DoD. Because only women can interact freely with other women in Afghanistan, those who serve in the ANP fill an important cultural role in searching women and gathering intelligence from them. The MoI's goal is to have 5,000 women in the ANP and MoI by 2014. This quarter, the MoI implemented a recruiting campaign aimed at attracting more female candidates for the ANP, according to DoD.<sup>96</sup>

## ANP Infrastructure

This quarter, DoD reported that 15 new infrastructure projects were awarded (valued at \$39.6 million), 250 were ongoing (\$796 million), 9 were completed (\$7.72 million), and 4 were de-scoped (\$2.38 million).<sup>97</sup>

The MoI and NTM-A are working with the U.S. Army Corps of Engineers and local contractors to construct new living facilities and temporary holding cells in



**ANP members** participate in a three-day training course at the Rokha Police Headquarters in Panjshir. The students enhanced their ability to work with maps, give and find coordinates, identify terrain features, and measure the distances between points. (U.S. Air Force photo, 2nd Lt. Jason Smith)

police districts throughout Afghanistan. Some ANP personnel live in substandard facilities that lack ventilation, refrigerators, or toilet facilities, according to an NTM-A/CSTC-A press report.<sup>98</sup>

On June 12, 2010, an Afghan construction company began laying the foundation for a new facility at Police District 12 in Kabul, according to NTM-A. The two-story complex will include living and dining areas, a break room, and bathroom facilities.<sup>99</sup>

## ANP Equipment

The strategy for equipping the ANP focuses on providing weapons, transport, and communications equipment that will help the ANP field more units and meet the October 2011 goal, according to NTM-A/CSTC-A. This quarter, NTM-A/CSTC-A reported an increase in the number of weapons distributed by the ANP to personnel in the field; this change follows the MoI's short-term moratorium on issuing new weapons. NTM-A/CSTC-A has been working with the MoI to implement and enforce greater accountability and **cross-leveling** of excess weapons.<sup>100</sup> The ANP fielded 6,821 weapons, including former Warsaw Pact weapons such as the AK-47, as shown in Figure 3.24.

This quarter, the continued training of ANP drivers resulted in the fielding of 818 up-armored High-Mobility Multipurpose Wheeled Vehicles (HMMWVs); 91 of these vehicles were ambulances. NTM-A/CSTC-A reported that it is procuring additional up-armored HMMWVs for the ANP and expects to receive an average of 250 vehicles per month over the next 7 months.<sup>101</sup> Table 3.3 shows that the ANP also procured communication equipment to support its training, equipping, and sustainment mission.

**Cross-leveling:** At the strategic and operational levels in a theater, the process of diverting materiel from one military element to meet the higher priority of another. Cross-leveling plans must include specific reimbursement procedures.

Source: DoD, "Dictionary of Military Terms," accessed online 7/12/2010.

TABLE 3.3

ANP RADIOS AND VEHICLES FIELDIED	
<b>Vehicles</b>	
Light and medium tactical vehicles	988
Up-armored HMMWV <sup>a</sup>	818
<b>Radios</b>	
VHF radios <sup>b</sup>	1,531
HF radios <sup>c</sup>	119

a. Up-armored HMMWVs include M1151, M1152, and M1152 ambulance models.

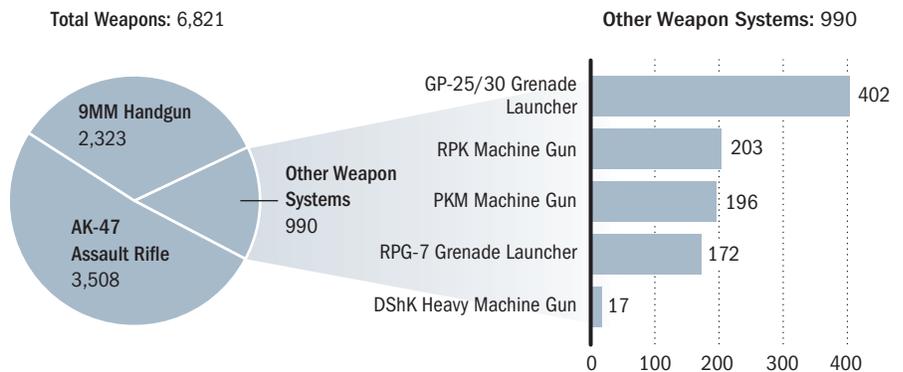
b. Very High Frequency (VHF) radios include various configurations of Motorola or ICOM radio systems.

c. High Frequency (HF) radios include various configurations of CODAN radio systems.

Source: NTM-A/CSTC-A, response to SIGAR data call, 7/6/2010.

FIGURE 3.24

## ANP WEAPONS FIELDIED



Note: These weapons were transferred to ANP forces from 4/1/2010 to 6/23/2010.

Source: NTM-A/CSTC-A, response to SIGAR data call, 7/6/2010.

## REMOVING UNEXPLODED ORDNANCE

Since 1993, DoS has provided \$165 million for the destruction of conventional weapons and for assistance with humanitarian mine actions in Afghanistan, according to the DoS Office of Weapons Removal and Abatement within the Bureau of Political-Military Affairs (PM/WRA). DoS funds Afghan nongovernmental organizations (NGOs), international NGOs, and commercial companies to carry out sustained clearance operations, remove and mitigate abandoned and at-risk conventional weapons, and develop Afghan technical and managerial capacity.<sup>102</sup>

The PM/WRA reported continued progress through its Community-Based De-Mining (CBD) initiative. The PM/WRA reported that the overarching objective of CBD projects is the collaborative coordination of de-mining programs. According to DoS, the PM/WRA is funding CBD programs in Helmand, Kandahar, and Kunar and is looking to align future projects with the needs of Regional Commands and Provincial Reconstruction Teams. It is also working with USAID's Office of Infrastructure and with the Mine Action Coordination Center of Afghanistan, an NGO, to fund the construction of a headquarters for the GIRoA's Department of Mine Clearance.<sup>103</sup>

## COALITION FORCES

As of March 31, 2010, DoD reported approximately 87,000 U.S. forces and approximately 46,500 international forces in Afghanistan; it expected U.S. forces to approach 98,000 by August.<sup>104</sup> Of those numbers, ISAF reported that it had 78,430 U.S. troops and 41,315 international troops from 45 nations in Afghanistan as of June 30, 2010.<sup>105</sup> However, as of April 2010 at least 21 coalition partner nations still have "national caveats" on their forces, according to DoD. These caveats limit or restrict the forces' conduct and may affect the ISAF commander's utilization of forces.<sup>106</sup>

As of July 20, 2010, DoD reported 1,100 U.S. military fatalities in and around Afghanistan since the beginning of Operation Enduring Freedom. Of that number, 878 were killed in action; an additional 222 died as a result of non-hostile incidents. In addition, 3,811 were wounded in action; and an additional 3,199 were wounded but able to return to duty within 72 hours.<sup>107</sup>

## INSURGENT THREATS

In its Section 1230 report to the Congress in April 2010, DoD noted that insurgents perceived 2009 as their most successful year.<sup>108</sup> DoD recorded more than 21,000 enemy-initiated attacks that year—a 75% increase over the number recorded in 2008. Moreover, from September 2009 to March 2010, attacks against coalition forces were up 83%, attacks against civilians were up 72%, and attacks against the ANSF were up 17%, compared with the same time period one year earlier.<sup>109</sup>

According to DoD, Afghanistan's insurgency includes three major groups: the Quetta Shura Taliban, the Hezb-e Islami Gulbuddin (HIG), and the Haqqani Network (HQN). These groups cooperate and coordinate to undermine the central government and to expel foreign forces from Afghanistan. They tend to operate in geographically and demographically determined areas, mainly in the Pashtun-majority regions and in small Pashtun areas of the north, as shown in Figure 3.25.<sup>110</sup>

### THE QUETTA SHURA TALIBAN

Mullah Mohammad Omar's Taliban regime in Afghanistan sheltered Osama Bin Laden and his al-Qaeda network following the September 11, 2001 attacks.<sup>111</sup> Omar's group relocated to Quetta, Pakistan, in 2002, according to the Institute for the Study of War (ISW) and is now called the "Quetta Shura Taliban" (QST). The QST, however, refers to itself as the Islamic Emirates of Afghanistan and considers itself Afghanistan's legitimate government.<sup>112</sup> According to the ISAF commander, the QST's aim is to capture the city of Kandahar, their philosophical home.<sup>113</sup>

The ISW noted that almost all Afghan insurgent groups have sworn allegiance to Omar.<sup>114</sup> By U.S. military and Afghan estimates, the number of Taliban fighters in Afghanistan is more than 20,000, as reported in June 2010 by the Congressional Research Service (CRS).<sup>115</sup> Figure 3.25 identifies areas in which Taliban fighters loyal to the QST are operating.

On June 10, 2010, the ISAF commander reported that coalition forces killed or captured 121 Taliban leaders during the preceding 90 days.<sup>116</sup> The CRS

report noted that several key Taliban figures have been captured or killed this year, including the February arrests of Omar's top deputy and two Taliban "shadow governors" and the March arrests of Omar's son-in-law and another notable QST member.<sup>117</sup>

### HAQQANI NETWORK

Jalaludin Haqqani, the Minister of Tribal Affairs in the pre-2001 Taliban government, founded the Haqqani terrorist network. Sirajuddin ("Siraj") Haqqani, Jalaludin's son and a senior leader of the Haqqani Network, maintains close ties to al-Qaeda. According to DoS, Haqqani admitted to planning a 2008 attack against a Kabul hotel that killed six people, including an American, as well as an attempted assassination of President Karzai in April that year.<sup>118</sup> More recently, the Haqqani Network may have been responsible for a January 2010 attack near the presidential palace in Kabul, according to the CRS.<sup>119</sup> Believed to be residing in Pakistan, Haqqani has coordinated and participated in cross-border attacks against coalition forces, according to DoS.<sup>120</sup>

According to a DoD press report, the younger Haqqani represents a style of leadership that is more aggressive than past leadership and often uses brutality as a means to secure power. He has been responsible for training, influencing, commanding, and leading the Haqqani Network, using kidnappings, assassinations, beheadings of women, indiscriminate killings, and suicide bombings.<sup>121</sup> In March 2010, DoS

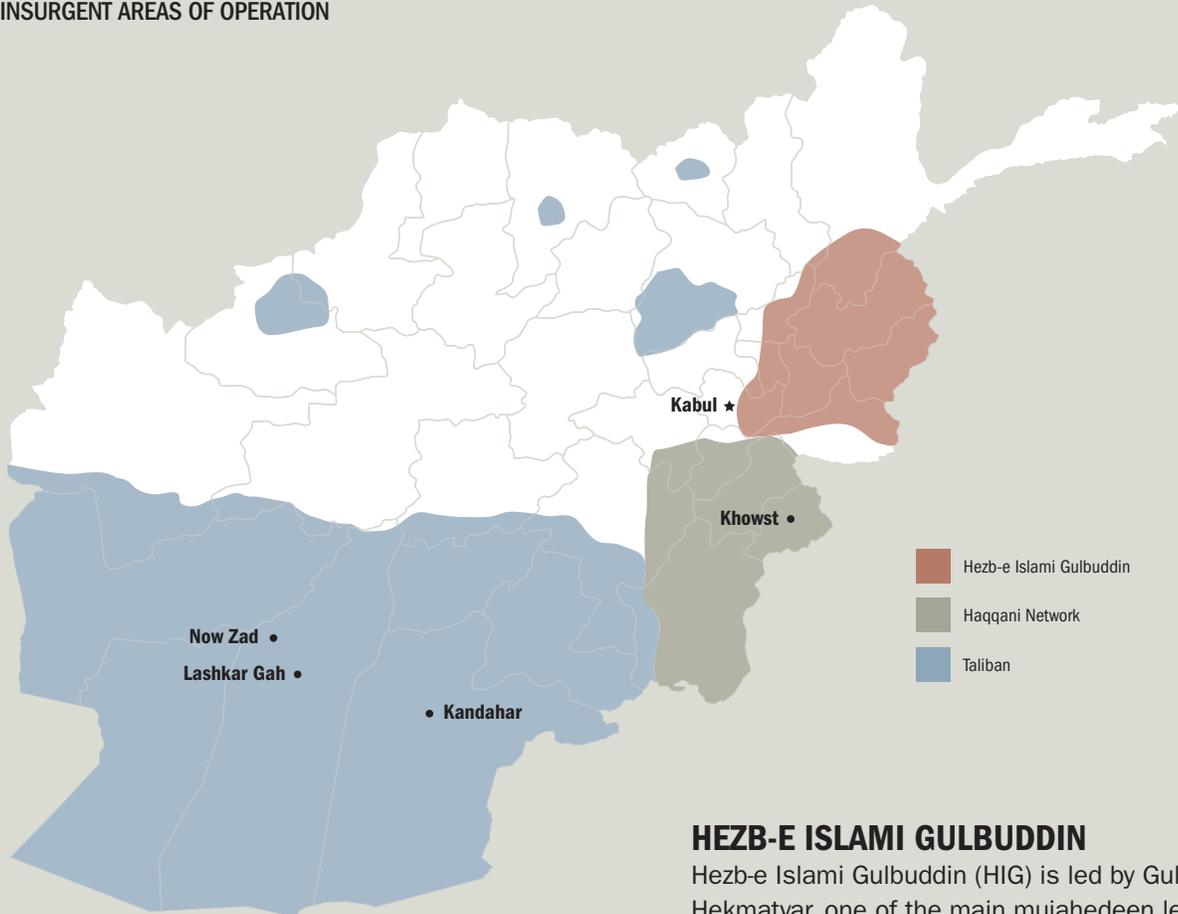


**Automatic weapons, rocket-propelled grenades, and communication equipment** are part of a large cache of materiel captured from Haqqani and Taliban insurgents by a joint Afghan-international security force in June. (ISAF Photo)

# QUARTERLY HIGHLIGHT

FIGURE 3.25

## INSURGENT AREAS OF OPERATION



Source: DoD, "Report on Progress Toward Security and Stability in Afghanistan," 4/2010, p. 23.

offered a reward of up to \$5 million—through a program administered by the DoS Bureau of Diplomatic Security—for information leading to the location and arrest of Siraj Haqqani.<sup>122</sup> U.S. military and Afghan estimates set the number of Haqqani Network fighters in Afghanistan at approximately 1,000, according to the CRS. These fighters are mainly active in provinces around Khowst, as shown in Figure 3.25.<sup>123</sup>

This quarter, ISAF reported that joint ANP and coalition forces captured a Haqqani Network IED cell leader and several other insurgents in a compound in Khowst. The cell leader was responsible for emplacing IEDs, acquiring and distributing weapons, and coordinating suicide bombings against coalition convoys.<sup>124</sup>

## HEZB-E ISLAMI GULBUDDIN

Hezb-e Islami Gulbuddin (HIG) is led by Gulbuddin Hekmatyar, one of the main mujahedeen leaders supported by the United States during the Soviet occupation of Afghanistan. Active in Kapisa, Kunar, Nangarhar, and Nuristan, the HIG is allied with al-Qaeda and Taliban insurgents, according to the CRS.<sup>125</sup> It reported that U.S. military and Afghan estimates set the number of HIG fighters in Afghanistan at approximately 1,000.<sup>126</sup>

On March 22, 2010, representatives of the GIRoA and the HIG confirmed that they were holding talks, including meetings with President Hamid Karzai. Since 2007, Hekmatyar has expressed a willingness to discuss a cease-fire with the GIRoA; some of President Karzai's allies in the National Assembly are former members of Hekmatyar's mujahedeen party. In January 2010, Hekmatyar outlined conditions for reconciliation with President Karzai that included elections under a neutral caretaker government following a U.S. withdrawal.<sup>127</sup>



## GOVERNANCE

Since 2002, the United States has appropriated more than \$14.74 billion for governance and development activities in Afghanistan. The U.S. Department of Defense (DoD), U.S. Department of State (DoS), U.S. Agency for International Development (USAID), and U.S. Department of Agriculture use this funding in part to support programs for governance, rule of law, and human rights. For details on funding amounts, see Appendix B of this report.

In a joint statement issued on May 12, 2010, U.S. President Barack Obama and Afghan President Hamid Karzai emphasized the importance of improving Afghan institutions to help the Government of the Islamic Republic of Afghanistan (GIROA) meet the needs of its people. In the past, almost no U.S. funding was directed through the GIROA; however, over the next two years, the United States intends to channel up to 50% of its reconstruction funding through Afghan institutions that are certified as transparent and accountable.<sup>128</sup>

### OVERVIEW OF RECENT EVENTS

This quarter, the GIROA launched the Afghan Peace and Reintegration program. Led by the High Peace Council, the program is designed to promote peace through regional and international cooperation, to create political and judicial conditions for peace and reconciliation, and to encourage combatants to renounce violence and join in reintegration and peace-building. The program aims to reintegrate thousands of former insurgents and stabilize 4,000 communities in 220 districts across Afghanistan over the next five years.<sup>129</sup> The new reintegration program will offer incentives to insurgents who are willing to disarm and accept the Afghan Constitution. Generally, reintegration is offered to lower-level insurgents, not extremist leaders.<sup>130</sup>

According to Ambassador Richard C. Holbrooke, DoD plans to spend up to \$100 million from Commander's Emergency Response Program funds to support initial reintegration efforts.<sup>131</sup> The director of the International Security Assistance Force (ISAF) reintegration effort emphasized that Afghans expect the GIROA to carry out significant government reforms. Doing so will demonstrate that the GIROA is working to improve the lives of Afghan citizens, thereby encouraging Afghans to support their government.<sup>132</sup>

As of July 2010, the GIROA is focusing reintegration programming at the district and local levels, with assistance from the United States and the international community. At those levels, reintegration programs address grievances while

# GOVERNANCE

“Today, I invite us to elevate our vision above the din of the battle with our common enemies and to focus on our noble goal: a peaceful, prosperous, and stable Afghanistan.”

—*Afghan President  
Hamid Karzai*

Source: GIRoA, Office of the President, “Kabul Conference,” 7/20/2010.



**Afghan President Hamid Karzai** and UN Secretary-General Ban Ki-moon unveil the GIRoA's new action plan to improve governance, economic and social development, and security at the Kabul Conference in July. (UNAMA photo)

maintaining the dignity of all parties. In the future, reintegration is expected to take place at provincial and national levels, while still continuing at the local level.<sup>133</sup>

This quarter, the GIRoA hosted two events to discuss reconstruction and the reintegration of insurgents: the Kabul Conference and the National Peace Jirga.<sup>134</sup>

## Kabul Conference

At the July 20 Kabul Conference, the GIRoA unveiled its Prioritization and Implementation Plan—an action plan aimed at improving governance, economic and social development, and security. Building on the 2008 Afghanistan National Development Strategy, the new plan aims to strengthen government institutions and improve opportunities for Afghan citizens. The GIRoA used its new development goals to establish national priorities and align international assistance with those priorities.<sup>135</sup>

National priorities for governance and rule of law focus on strengthening government accountability, democratic processes and institutions, human rights, the rule of law, and the delivery of public services. Based on these priorities, the GIRoA has established national programs with a range of overarching themes, including transparency, accountability and efficiency in government, financial and economic reform, human rights and equality, and local governance.<sup>136</sup>

## Peace Jirga

From June 2 to June 4, 2010, the GIRoA hosted a National Consultative Peace Jirga to discuss ways to end violence and achieve lasting peace. The 1,600 delegates represented religious scholars, tribal leaders, civil society organizations, and Afghan refugees residing in Iran and Pakistan, as well as government representatives from provincial councils and the two houses of the National

Assembly.<sup>137</sup> Although reintegration was discussed at the Jirga, extremist elements and terrorist networks were not involved in these discussions.<sup>138</sup>

At the Peace Jirga, the GIROA presented a reintegration plan for encouraging insurgents to disarm voluntarily. The plan proposed such incentives as jobs, amnesty and protection, and the opportunity to take part in securing communities.<sup>139</sup>

At the conclusion of the Peace Jirga, the delegates released a 16-point resolution in which they supported the proposed incentives and made requests of the GIROA and the international community.<sup>140</sup> Article 8 of the resolution called on the GIROA and the international troops in Afghanistan to take major actions, including the following:<sup>141</sup>

- Review information about detainees in Afghan prisons, and free those who have been detained on the basis of inaccurate information or unsubstantiated allegations.
- Strike from the UN terrorist blacklist all insurgency members who are not associated with al-Qaeda or other terrorist networks.

On June 6, President Karzai designated a committee, headed by the Minister of Justice, to review the cases of detainees connected with insurgent groups. The head of the Presidential Legal Advisory Board is part of the committee, along with representatives from the Supreme Court, the Independent Peace and Reconciliation Commission, and the Attorney General's Office.<sup>142</sup> On July 12, the committee announced the release of 28 detainees who were being held with no clear evidence of wrongdoing on their part. The Minister of Justice also announced that the committee is freeing an additional 45 detainees.<sup>143</sup>

On June 22, the UN Security Council agreed to begin removing members from the terrorist blacklist on a case-by-case basis. According to the Security Council, the terrorist blacklist includes only individuals who currently represent a threat.<sup>144</sup> To be removed, individuals must break all ties with al-Qaeda and other insurgency groups, lay down their arms, and fully accept the Afghan Constitution. They must also prove to the UN Security Council that they have met these criteria. All 15 members of the Security Council must agree to the removal.<sup>145</sup>

## ANTI-CORRUPTION

Corruption undermines the authority and accountability of the GIROA by weakening public trust in government, security, and human rights development, according to the GIROA's High Office of Oversight (HOO). The HOO has attributed corruption in Afghanistan to several factors:

- the legacy of a quarter-century of conflict
- the erosion of state institutions
- irregular financing of the conflict from various sources
- worsening tensions among ethnic and tribal groups
- the growth of informal and illicit economic activities

The HOO also has noted that the growth of the drug trade and the influx of international aid have created more opportunities for corruption within the country.<sup>146</sup>



**Women attend** the Kabul Peace Jirga in June. The 3-day Jirga gathered 1,600 participants, including 300 women, who prepared and presented recommendations on how to move forward in the peace process. (UNAMA photo)

This quarter, Integrity Watch Afghanistan (IWA) released the results of a corruption survey, which found that Afghans consider corruption to be the third-largest problem in the country, following security and unemployment. Approximately 75% of respondents believed that the problem of corruption became more significant over the course of 2009: 28% of adults paid a bribe to obtain a public service. The IWA also revealed that 70% of Afghans perceived corruption as a common way of doing business with their government; however, 90% of respondents stated that they felt guilty for taking part in corrupt activities.<sup>147</sup>

The average bribe that respondents paid in 2009 was Af 7,769 (\$156), according to the survey; this amount represents 31% of the average annual income in Afghanistan (\$502). Afghans who earned less than Af 3,000 (\$60) a year reported the highest exposure to bribery; they listed corruption as the largest problem in Afghanistan.<sup>148</sup>

The IWA survey showed that the highest levels of corruption occur in connection with the following government services:

- registration and issuance of ID cards and passports
- police services
- justice in the court system

Respondents also reported increasingly high levels of corruption in the health and education sectors, where bribes tend to entail larger sums of money.<sup>149</sup>

## Anti-Corruption Initiatives

As part of the Afghanistan and Pakistan Regional Stabilization Strategy, the United States pledged to partner with the GIRoA to reach two overarching anti-corruption goals:<sup>150</sup>

- to reduce corruption by strengthening institutions that can provide checks on government power
- to communicate the progress made by the GIRoA in reducing the level of corruption

In May 2010, President Obama and President Karzai re-emphasized in a joint statement that the fight against corruption is a top priority. President Obama pledged to improve oversight of U.S. government contracting procedures and to provide technical and financial support to bolster the powers of the HOO. President Karzai restated his inauguration pledge to bring to justice those who are involved in corrupt activities. He also underscored the necessity of reforming the formal justice sector by strengthening capacity and reducing corruption in government justice institutions.<sup>151</sup>

The IWA survey showed that anti-corruption efforts by the international community have yet to earn the Afghans' trust. According to the survey, 43% of respondents did not know if the international community was supporting honest officials, and 18% believed that it was not.<sup>152</sup>

## High Office of Oversight

Since its creation in 2008 by presidential decree, the HOO has been responsible for inter-agency coordination in the fight against corruption in Afghanistan. The HOO is also responsible for coordinating and monitoring the implementation of the GIRoA's anti-corruption strategy and for implementing administrative procedural reforms in Afghanistan. The Afghan president appoints the director general of the HOO; office responsibilities are split between Policy and Oversight and Administrative Affairs.<sup>153</sup>

Although the HOO recognizes the importance of enforcement in anti-corruption efforts, it focuses on fighting the problem through coordination, prevention, and awareness-raising. According to the HOO, the number of corruption cases does not reflect the extent of corruption.<sup>154</sup>

The HOO's Asset Registration Department is charged with creating an asset registry based on declarations of government officials' personal assets, as mandated by Article 154 of the Afghan Constitution. According to the Asset Registration Department, verification is the most complicated component of asset declaration because many transactions, including the purchase of land and homes, take place through informal channels. The U.S. Federal Bureau of Investigation, the UN Office on Drugs and Crime, and the U.S. Embassy Kabul provide international assistance for these efforts.<sup>155</sup>

SIGAR's audit of the HOO, released in December 2009, found that the office had limited organizational capacity to meet its hefty mandate. The audit also determined that the GIRoA had not passed legislation necessary to give the HOO appropriate authority or enforcement power.<sup>156</sup> For more information, see SIGAR Audit 10-2, "Afghanistan's High Office of Oversight Needs Significantly Strengthened Authority, Independence, and Donor Support to Become an Effective Anti-Corruption Institution."

## Control and Audit Office

As Afghanistan's Supreme Audit Institution, the Control and Audit Office (CAO) is responsible for auditing the GIRoA's financial matters. The CAO has audit authority over all GIRoA institutions in the central and provincial governments, as well as public enterprises. It also conducts audits of the funds provided to Afghanistan by external donors.<sup>157</sup>

SIGAR's audit of the CAO, released in April 2010, found that Afghan legislation did not provide the CAO with sufficient independence or authority to serve as an independent supreme audit institution. One result of this lack of independence was conflicting responsibilities, particularly between the CAO and the Ministry of Finance. In addition, SIGAR determined that the CAO suffered from limited capacity, including a lack of qualified auditors.<sup>158</sup> For more information, see SIGAR Audit 10-8, "Afghanistan's Control and Audit Office Requires Operational and Budgetary Independence, Enhanced Authority, and Focused International Assistance to Effectively Prevent and Detect Corruption."

**USAID's Support to the Electoral Process program provides support to build the capacity of the IEC to ensure the legitimacy of voter registration and the electoral process.**

**The International Foundation for Electoral Systems program aims to build on the momentum in Afghan society to advance political and electoral processes, however incrementally, and to channel desires for change into organized, peaceful, and legitimate action.**

Sources: USAID, "Support to the Electoral Process," accessed online 7/19/2010; IFES, "Afghanistan in Brief," accessed online 7/19/2010.

## SEPTEMBER 2010 ELECTIONS

The elections for the Wolesi Jirga (the lower house of the National Assembly), scheduled for September 18, 2010, will be the second such elections since the fall of the Taliban regime; the first elections were held in 2005.<sup>159</sup> DoS identified security as its primary concern during these elections; security issues include voter intimidation. ISAF is working closely with the GIRoA on the security issue.<sup>160</sup> In April 2010, in preparation for the elections, the Afghanistan Independent Election Commission (IEC) released a timeline of events. Figure 3.26 highlights events completed during this quarter.

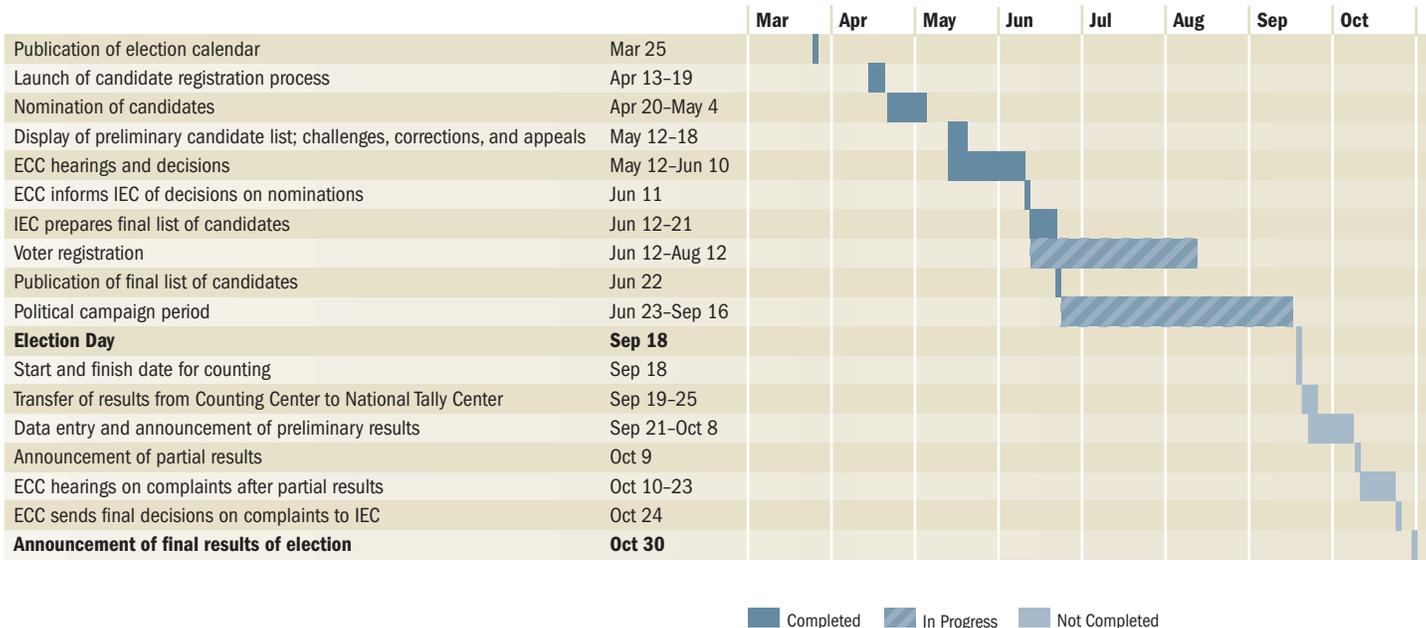
### Elections Support

As of June 30, 2010, according to DoS, the IEC estimated that the 2010 elections will cost approximately \$120 million.<sup>161</sup> This quarter, DoS reported that the UN Development Programme (UNDP) retained \$27 million from last year's election fund for the 2010 elections.<sup>162</sup> The Special Representative of the UN Secretary-General in Afghanistan has reported that the UNDP plans to use its election assistance to provide core support for Afghan electoral authorities.<sup>163</sup>

The United States has provided USAID with \$80 million to support elections.<sup>164</sup> DoS reported that USAID elections funding is divided between two programs: the Support to the Electoral Process program and the International Foundation for

FIGURE 3.26

### WOLESI JIRGA ELECTION EVENTS, 2010



Sources: IEC, "Key Dates," accessed online 6/20/2010; IEC, "IEC Press Release on Launch of Candidate Nomination for Wolesi Jirga Election," 4/12/2010; IEC, "Candidate Nomination," 5/17/2010; UNAMA, "Parliamentary Poll Voter Registration in Full Swing in Afghanistan's East," 6/30/2010; IEC, "Candidate Nomination: Verification of Supporters' Lists," 5/22/2010; IEC, "IEC Press Release on Announcement of Final Figures and Candidate List for Wolesi Jirga Elections," 7/12/2010.

Electoral Systems (IFES).<sup>165</sup> In 2010, IFES is assisting the Electoral Complaints Commission (ECC) with capacity development.<sup>166</sup>

In preparing for the coming elections, the IEC has demonstrated that it has learned from USAID and international groups, according to DoS. This knowledge will enable the IEC to carry out its operations more independently; however, DoS noted that it is difficult to measure the capacity of the IEC because there is no way to know how the new IEC will respond to the political pressures of the elections.<sup>167</sup>

## IEC Preparations for Elections

On July 12, 2010, after accounting for duplicate applications, withdrawals, exclusions, and ECC disqualifications, the IEC released its final list of candidates for the 249 seats in the Wolesi Jirga. The 2,556 candidates included 2,150 men and 406 women.<sup>168</sup> The nomination of candidates was the first significant operation in the September 2010 election process, according to the IEC.<sup>169</sup>

The IEC is responsible for all nomination procedures except challenges to candidate nominations, which are the responsibility of the ECC. Following the nomination period, the IEC launched a three-part verification process, outlined in Table 3.4. The IEC notified candidates who did not pass the verification procedures of the reasons for their exclusion; these candidates can submit challenges to the ECC.<sup>170</sup>

The IEC included many of the initially excluded nominees in the final candidate list. The Special Representative of the UN Secretary-General expressed disappointment with the vetting committee's decision to allow many of these candidates to participate, stating that "the process of vetting has not produced a satisfactory result so far."<sup>171</sup>

**Eligible candidates for the National Assembly must meet the following requirements, as established by the Afghan Constitution and Electoral Law of Afghanistan:**

- must be a citizen of the Islamic Republic of Afghanistan
- must not be convicted of any crime, including crimes against humanity
- must be at least 25 years old on the day of candidacy
- must be registered to vote

Source: IEC, "Candidate Nomination," 5/17/2010.

TABLE 3.4

IEC VERIFICATION PROCEDURES, 2010 ELECTIONS	
Step	Action Taken
Manual Verification	Teams at IEC headquarters in Kabul checked the number of pages (67 minimum), the number of signatures (1,000 minimum), and the completeness of each record. Teams also checked for signs of fraud, including more than 10 registration numbers listed in sequence on a single page or identical-looking signatures or thumbprints.
Database Verification	More than 3 million signatures and more than 200,000 pages were submitted in nominations for these elections. The IEC verified 10% of each applicant's supporters. Supporters were checked against the records in the IEC's voter registration database; this was the first time the database was used on such a large scale.
Final Verification	The IEC reviewed each application to verify that the first two steps in checking were carried out correctly. At this stage, the IEC either approved the applicant for candidacy or referred the application to the IEC Board of Commissioners.

Source: IEC, "Candidate Nomination: Verification of Supporters Lists," 5/22/2010.

“In order to enhance security and stability, our civil-military teams on the ground employ Cash-for-Work programs to provide employment opportunities, jump-start a rural economy, and demonstrate an attractive alternative to that offered by the enemy. But stability must be balanced against the imperatives of sustainable development.”

—U.S. Ambassador  
Karl W. Eikenberry

## ENHANCING LOCAL GOVERNANCE

As of May 10, 2010, according to U.S. Ambassador Karl Eikenberry, the U.S. civilian presence in Afghanistan had grown to more than 1,000 people—more than triple the number present last year. These civilian personnel include diplomats, development specialists, and agricultural experts. Ambassador Eikenberry reported that the U.S. Embassy Kabul has been restructured to enhance coordination between U.S. civilian organizations and U.S. law enforcement agents in Afghanistan.<sup>172</sup>

In 2010, both the U.S. government and the GIROA are focusing their efforts on local governance programs, according to U.S. Ambassador Karl Eikenberry. The United States provides local assistance through programs managed by Provincial Reconstruction Teams (PRTs) and District Support Teams (DSTs), both of which are joint civilian-military efforts.<sup>173</sup>

### Provincial Reconstruction Teams

PRTs work to improve security, extend the authority of the GIROA, and coordinate reconstruction efforts in provinces. In its program overview, USAID describes PRTs as the primary means of delivering U.S. and international foreign aid outside Kabul, especially in unstable provinces.<sup>174</sup>

According to ISAF, 27 PRTs operate in Afghanistan. Thirteen are now under U.S. authority, including the Uruzgan PRT, which previously was managed by the Netherlands.<sup>175</sup> To compensate for the withdrawal of Dutch personnel, U.S. personnel from the Parwan PRT were transferred to Uruzgan.<sup>176</sup> In the past, Australia provided military support for the Uruzgan PRT; however, when the Netherlands announced that it would withdraw all troops by the end of 2010, Australia announced that it would not send additional troops for assignment to the PRT.<sup>177</sup>

On July 1, 2010, control of the Parwan PRT was officially transferred from the United States to the Republic of Korea.<sup>178</sup> Other nations responsible for PRTs are Canada, the Czech Republic, Germany, Hungary, Italy, Lithuania, New Zealand, Norway, Spain, Sweden, and the United Kingdom.<sup>179</sup>

### District Support Teams

According to ISAF, one of the primary purposes of the DST program is to provide district-level support for PRT efforts; DST programs aim to build the capacity of the GIROA at the district level.<sup>180</sup> ISAF's ideal DST consists of one military company and three civilians, one each from USAID, DoS, and the Department of Agriculture. Civilians are stationed with DSTs for 12 to 18 months, establishing relationships with district-level officials.<sup>181</sup>

DSTs operate alongside the Afghan Independent Directorate of Local Governance to implement the District Delivery Program, which aims to improve government services in 80 of the country's 364 districts. Concentrated in southern Afghanistan, these 80 districts have been the focus of the 2010 counter-insurgency campaign.<sup>182</sup>

## PUBLIC ADMINISTRATION REFORM

The United States has committed support to assist the GIROA in building its institutions and resources.<sup>183</sup> This section provides information on those institutions and the GIROA's progress in increasing their capacity.

This quarter, the Afghan Civil Service Commission worked to more clearly define positions in the government. Government positions now have specific descriptions, performance criteria, and pay and bonus criteria; other formal procedures have also been established.<sup>184</sup>

## Presidential Cabinet

Since his reelection, President Karzai has faced difficulty in obtaining confirmation of his cabinet nominees from the National Assembly.<sup>185</sup> This quarter, the National Assembly confirmed appointments for an additional seven cabinet positions.<sup>186</sup> As of June 30, 2010, according to DoS, permanent appointments had still not been made for the following ministries:<sup>187</sup>

- Communications and Technology
- Higher Education
- Public Health
- Transportation
- Urban Development
- Water and Energy
- Women's Affairs

Following the attacks on the Peace Jirga in June, President Karzai accepted the resignations of the Minister of Interior and the director for National Security.<sup>188</sup> A new Minister of Interior was appointed in time to organize security for the Kabul Conference on July 20, 2010.<sup>189</sup>

## National Assembly

The members of the Wolesi Jirga are chosen by popular election. Two-thirds of the Meshrano Jirga members are chosen by provincial councils, and one-third are chosen by the Afghan president. Therefore, the Meshrano Jirga is often more likely to support the president's legislative goals, according to a June Congressional Research Service report.<sup>190</sup>

This quarter, DoS reported that the strength of the National Assembly has grown in relation to the power of the Afghan president.<sup>191</sup> For example, the Wolesi Jirga rejected the president's change to the Electoral Law last quarter, highlighting its separation from the president's office. (The Meshrano Jirga upheld the altered law when it did not schedule a vote on the issue.)<sup>192</sup>

Despite its increased strength, DoS reported that the National Assembly continues to suffer from weak capacity. Both houses have difficulty maintaining a quorum and are slow to pass legislation. DoS also reported that because the National Assembly lacks organized political parties, it struggles to organize agendas.<sup>193</sup>

**The Afghan National Assembly has two houses:**

- **the Meshrano Jirga, also known as the House of Elders or Upper House**
- **the Wolesi Jirga, also known as the House of the People or Lower House**

Source: CRS, "Afghanistan: Post-Taliban Governance, Security, and U.S. Policy," 6/7/2010, p. 13.

## Afghanistan Parliamentary Assistance Program

The United States supports the National Assembly through the Afghanistan Parliamentary Assistance Program (APAP), implemented by the State University of New York Research Foundation under a contract with USAID.<sup>194</sup> According to USAID, the program's goal is to improve the National Assembly's institutional, technical, and political capacity.<sup>195</sup> The program assists the National Assembly in creating policy documents to enhance capacity. For instance, the APAP is helping National Assembly staff amend the Parliamentary Code of Conduct, with several objectives:<sup>196</sup>

- to create standard measures of behavior to assess the attitudes and behaviors of National Assembly members
- to present National Assembly members with materials that provide guidelines for the assessment of the performance of assigned duties
- to establish standard reactions to unacceptable behavior
- to assure the public that their representatives are acting in a professional manner

The APAP also is assisting the National Assembly in developing a Parliamentary Oversight Strategy, which is intended to guide Assembly staff in conducting oversight. In addition, the program provides the National Assembly with budgetary guidance, technical assistance, and public information support, including radio broadcasts, Web site development, and support on gender-related issues.<sup>197</sup>

## U.S. Support for GIROA Capacity Development

In 2010, the United States has increased coordination with Afghan institutions and resources, in order to build the GIROA's capacity to meet the needs of the Afghan people.<sup>198</sup> Programs such as the Performance-Based Governors' Fund and the Afghanistan Municipal Strengthening Program work to build that capacity.<sup>199</sup>

### Performance-Based Governors' Fund

As described in SIGAR's April quarterly report, the Performance-Based Governors' Fund works to enhance the power of provincial governments by providing participating governors with funding for their operating budgets. According to USAID, the funds are not transferred directly to governors. Instead, the governors provide budgets to direct where the money should go, and USAID's implementing partner distributes the funds to the appropriate party.<sup>200</sup>

With this funding, governors can provide needed public services, which will strengthen their relationships with residents of the provinces.<sup>201</sup> This quarter, USAID reported that all 34 provincial governors received funding from the Performance-Based Governors' Fund. Since the first disbursement in March 2010, provincial governors have spent approximately \$1.71 million of the available funds of \$2.55 million—about 67%.<sup>202</sup>

## Afghanistan Municipal Strengthening Program

The Afghanistan Municipal Strengthening Program aims to build the capacity of municipalities throughout the country, according to USAID. Within these cities, the program focuses on developing services, including water and power management, sanitation, safe roads, and youth activities.<sup>203</sup>

USAID reported that on June 10, 2010, new contracts for the program were signed in ISAF Regional Command (RC) South and RC East. As of June 30, USAID reported that the RCs are working with the Afghan Independent Directorate of Local Governance to determine which municipalities to target and when to begin the program.<sup>204</sup>

As of June 30, 2010, municipality programming in RC North and RC West was in procurement. According to USAID, the new Municipal Strengthening Program is committed to work in 33 provincial capitals. Kabul is the only exception: it will have its own municipal program, which was also in procurement as of June 30.<sup>205</sup>

The original contract for the Municipal Strengthening Program has expired.<sup>206</sup> USAID reported that all programming for the 12 municipalities in that program will cease on August 31, 2010. The original program was active only in cities in RC South and RC East.<sup>207</sup>

## JUDICIAL REFORM AND RULE OF LAW

The Afghan justice system includes the Afghan corrections system and the court system, both of which receive support from international donors, including the United States. In his joint statement with President Obama, President Karzai underscored the importance of improving formal justice in Afghanistan. He pledged to increase the accessibility and capacity of the justice system, as a means of combating corruption and strengthening the GIROA.<sup>208</sup>

In a report issued this quarter, DoS noted that the United States has also increased support for the informal justice sector in 2010.<sup>209</sup> The IWA survey report released this quarter showed that Afghans have limited trust in the formal justice system. According to the survey report, corruption prevented 50% of Afghan households from resolving legal issues within the formal justice system. As a consequence, these households turned to informal channels, including local **shuras** and **mullahs**.<sup>210</sup>

### Court System

The Afghan court system differs greatly from the U.S. system, according to INL, in that it is based on civil law instead of common law. The Afghan Constitution, which is based on religious doctrine, mandates that no secular law can contradict Islamic law. INL reported that the Afghan justice system generally prioritizes compensating victims rather than punishing offenders.<sup>211</sup>

Unlike the United States which has state and federal courts, Afghanistan has only a national court system. It has three levels: primary courts, appellate courts,

**As a result of illiteracy and isolation, many Afghans do not understand the legal rights afforded to them under their Constitution.**

Source: INL, response to SIGAR vetting, 7/20/2010.

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**Shura:** consultative council of elders in a community

**Mullah:** religious leader educated in theology and Islamic law

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Source: IWA, "Afghan Perceptions and Experiences of Corruption: A National Survey 2010," 7/7/2010, p. 12.



**Members of the Supreme Court** gather in June at the Jalalabad Court House for continuing legal education. Such education helps judges and lawyers keep up to date on the latest changes to Afghan law. (U.S. Army photo, SPC Richard Daniels, Jr.)

“Fighting corruption and supporting the rule of law in Afghanistan are top priorities for this Administration, and we will continue to assist the Afghan government in creating and sustaining the effective criminal justice system to which the Afghan people are entitled.”

—*U.S. Attorney General  
Eric Holder*

Source: U.S. Embassy Kabul, “Attorney General Travels to Afghanistan for Meetings with U.S., Afghan Officials,” 6/30/2010.

and the Supreme Court. According to INL, the Supreme Court is the head of the court system; however, the term “Supreme Court” can have multiple meanings in Afghanistan.<sup>212</sup>

- Because Afghanistan has only a national system, all judges within the Afghan court system work for the Chief Justice and can therefore be considered members of the Supreme Court. By this definition, which DoS used in its “2008 Country Report on Human Rights Practices,” there are 1,531 Supreme Court judges, as of June 30, 2010.
- Because either party involved in a court case can appeal, the Supreme Court employs enough judges to process the high volume of appeals within the system. By this definition, which DoS used in its 2009 edition of the human rights report, there are 77 Supreme Court judges, including 7 women.
- Afghanistan’s high-level Supreme Court hears cases and acts as an administrative authority for all the judges in the country. By this definition, there are 9 Supreme Court judges.

Compared with other countries that have systems based in civil law, Afghanistan is unique in that it has no investigative judges. Instead, it has investigative prosecutors who have strong subpoena power, without court oversight. As of June 30, 2010, there were 2,421 prosecutors in the court system, an increase of approximately 336 prosecutors from 2009. There were also approximately 970 defense attorneys in Afghanistan, an increase of about one-third from 2009.<sup>213</sup>

## Criminal Procedure Code

According to INL, no policies have been instituted to improve the criminal procedure code (CPC) in 2010. Although it was scheduled for revision in 2009, the release of the updated CPC has been delayed so that international community experts can review and comment on the draft. INL reported that the release was also delayed because anti-corruption laws became a higher priority. There is no indication of when the Ministry of Justice (MoJ) will update the revision schedule; however, the minister is currently reviewing the CPC draft.<sup>214</sup>

## U.S. Justice Sector Support Program

Established in 2005, the JSSP has focused on developing and strengthening the capacity of the institutions in Afghanistan's criminal justice system. The program also supports coordination between defense lawyers and others in the criminal justice system.<sup>215</sup>

As of June 30, 2010, the JSSP had 77 lawyers working in Afghanistan—38 Afghans and 39 Americans. According to INL, which funds the program, the JSSP received a new task order this quarter. With the funding from the task order, INL plans to add an additional 81 lawyers—55 Afghans and 26 Americans—by fall 2010.<sup>216</sup>

In June 2010, the JSSP hosted a provincial justice conference in Logar, one in a series of conferences at which high-level figures from the Kabul justice system work with provincial justice leaders to identify and prioritize the needs of the province's justice system.<sup>217</sup> Approximately 75 members of the justice system attended the Logar conference.<sup>218</sup> INL reported that it conducts provincial justice conferences in those provinces where it does not have a permanent presence.<sup>219</sup>

## Corrections System and Prison Reform

In his joint statement with President Karzai, President Obama reaffirmed the U.S. commitment to begin transitioning U.S.-managed Afghan detention centers to GIRoA control. The first transfer, in Parwan, is set for January 2011. According to the joint statement, successful transition to Afghan control would be an important milestone in meeting President Karzai's inaugural commitment to assume complete responsibility for detention centers.<sup>220</sup>

As of June 30, 2010, there were a total of 17,169 prisoners in Afghanistan, including 15,902 individuals in provincial prisons (12,263 convicted prisoners and 3,639 detainees), and 1,267 detainees in district detention centers.<sup>221</sup> According to INL, the Afghan court system has no parole provisions; as a result, prison populations have increased exponentially.<sup>222</sup>

The corrections system in Afghanistan consists of two types of facilities: detention centers and prisons. Ministry of Interior (MoI) detention centers are managed by the Afghan National Police. After their arrest, alleged criminals are first imprisoned in MoI detention centers. The detainees are then transferred to MoJ detention centers while awaiting trial. If convicted, detainees are then transferred to a provincial prison for long-term incarceration; prison facilities are also managed by the MoJ.<sup>223</sup>

**The U.S. Corrections System Support Program (CSSP) is the primary U.S. program supporting the Afghan corrections system. Managed by INL, the CSSP works directly with the Afghan Central Prison Directorate (CPD) to improve living and working standards in the prison system.**

Source: INL, "Afghanistan Program Overview: CSSP," accessed online 7/7/2010.

Some buildings being used to detain or imprison Afghans were not designed as prisons, according to the Afghanistan Independent Human Rights Commission (AIHRC). It found that in seven provinces, no prisons or detention centers had been constructed at all; instead, provincial governments had rented buildings to use in this capacity. The General Department of Prisons and Detention Centers plans to build several new prisons and centers every year, in an attempt to reduce the number of ordinary buildings being used for this purpose.<sup>224</sup>

## Support for the Corrections System

In addition to U.S. support through the U.S. Corrections System Support Program (CSSP), international support for the Afghan corrections system is provided by the United Kingdom, Canada, Italy, the European Union, the UN, and the International Committee of the Red Cross.<sup>225</sup> Specific international support efforts are highlighted in this section.

According to INL, the United Kingdom trains detention center officers at the facilities of the National Directorate of Security.<sup>226</sup> In 2008, it worked with the CPD in Helmand to regain control of Lashkar Gah prison from insurgent prisoners. The United Kingdom also funded the renovation of Lashkar Gah prison, which was completed in October 2009.<sup>227</sup>

Canada provided assistance by renovating Kandahar’s Sarposha prison and providing training and mentoring opportunities for the prison staff. In addition, Canada refurbished the CPD Kabul Headquarters.<sup>228</sup>

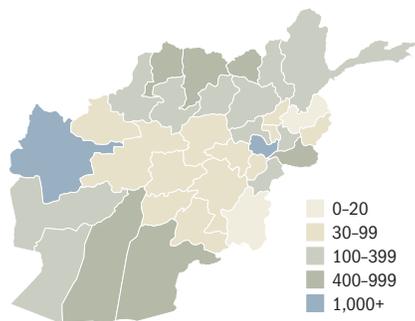
Italy provided support for the Afghan corrections system by funding the construction of the new women’s prison in Herat and cell blocks in the Gardez prison. Italy also funded the construction of the Juvenile Rehabilitation Center and Female Prison and Detention Center in Kabul.<sup>229</sup>



**Afghan women play** volleyball in a Herat correctional facility, which has the capacity to hold up to 110 detainees and their children. (UNAMA photo)

FIGURE 3.27

### CONVICTS IN PROVINCIAL PRISONS, AS OF JUNE 30, 2010



Source: INL, response to SIGAR data call, 7/10/2010.

## Provincial Prisons

Of the 12,263 convicts in provincial prisons, 11,846 are men, and 417 are women. As of July 10, 2010, the provincial prisons in Kabul and Herat housed the highest populations of convicts, as indicated in Figure 3.27.<sup>230</sup>

This quarter, the CSSP instructed and assisted Afghan records staff in reorganizing Pol-i-Charkhi and Kabul Female Detention Facility prisoner files. Prior to the reorganization, prisoner files were stored at sites throughout the facilities, with no standard file maintenance protocol. Now all files at Pol-i-Charkhi are centrally located, which makes it possible for trained staff to maintain files properly. This ensures that the prison has current commitment orders, confirms release dates, and enables prisons to transfer files to other facilities when they transfer prisoners.<sup>231</sup> For information about the treatment of prisoners in Afghan prisons and detention centers, see the “Human Rights” discussion in this section of the report.

## District Detention Centers

Each Afghan district is required by law to have a police detention center, managed by the Afghan National Police under the MoI. According to INL, detainees are to remain in police detention centers for no longer than 72 hours while the police investigate the alleged crimes. If the allegation is sustained, detainee cases are turned over to the Attorney General’s Office for prosecution, and the detainees are transferred to a MoJ district detention center.<sup>232</sup>

By Afghan law, detainees are to remain in MoJ district detention centers for only 15 days, though 15 additional days can be requested. During that period, the Attorney General’s Office investigates the case, according to INL.<sup>233</sup>

U.S. support for improving the prison system has focused on MoJ facilities because they house most of the prisoners and hold people longer than the MoI’s police detention centers. This quarter, INL reported that before June 2010, no single organization had worked with the police to improve detention centers. Over the next year, INL plans to assess the conditions of police detention centers.<sup>234</sup>

Figure 3.28 shows the distribution of detainees in district detention centers throughout the country. If no detention centers are available (as is the case in 7 of the 34 provinces), detainees are typically held in provincial prisons with convicted criminals.<sup>235</sup> Figure 3.29 shows the proportions of detainees relative to convicts in the provinces that hold the highest numbers of detainees in prisons.

## HUMAN RIGHTS

Afghanistan continues to face human rights challenges. In addition to dealing with issues related to displacement, Afghans struggle with issues of gender equity and religious freedom.<sup>236</sup> The GIROA also continues to have difficulty meeting international standards in the treatment of prisoners.<sup>237</sup> This section provides an overview of the status of human rights issues in Afghanistan.

## Treatment of Prisoners in the Corrections System

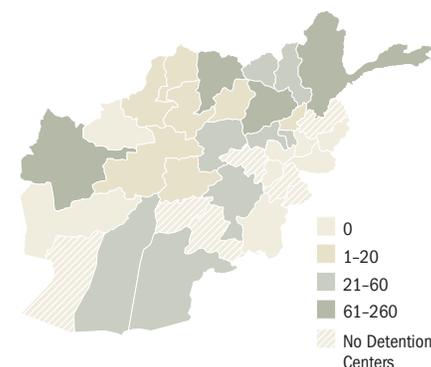
This quarter, INL reported that conditions in Afghan prisons were improving; however, there were still many reports of poor conditions. For instance, in a May 2010 report, DoS stated that the Afghan corrections system was still holding prisoners past the expiration of their sentences. The United States is working with the AIHRC to identify and release these prisoners.<sup>238</sup>

In a June 2010 report, the AIHRC noted that Afghan prison and detention center buildings do not meet the standards required by the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment, which sets international standards for prison conditions. The Committee stated that a cell measuring 5.5 m<sup>2</sup> is barely acceptable for short-term detention of one person—and inadequate for long-term incarceration.<sup>239</sup>

The Afghan Law of Prisons and Detention Centers does not mandate a specific amount of space for each person, despite the suggestions of the Committee. The law stipulates only that the MoJ take measures to ensure that detainees and convicts have “enough” space.<sup>240</sup> The AIHRC found that the

FIGURE 3.28

DETAINEES IN DISTRICT DETENTION CENTERS, AS OF JUNE 30, 2010

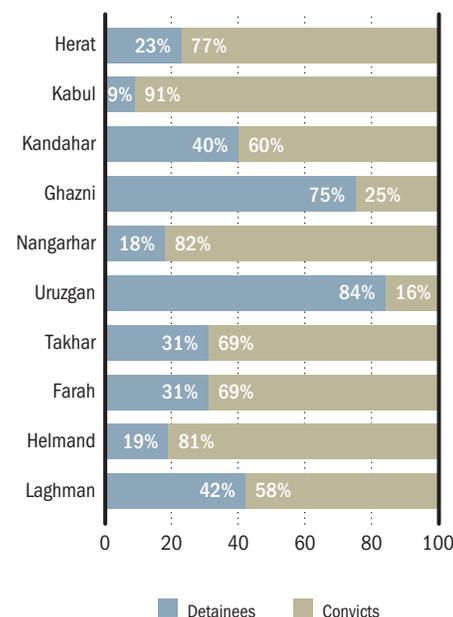


Notes: Kabul does not have district detention centers; it has gender-specific provincial detention centers. As of 7/10/2010, the Kabul Female Prison and Detention Center held 143 women—104 convicts and 39 detainees. The Kabul Detention Center held 409 men, all detainees. An additional 55 male detainees were being held at the Counter-Narcotics Justice Center.

Source: INL, response to SIGAR data call, 7/10/2010.

FIGURE 3.29

INMATES IN SELECT PROVINCIAL PRISONS, AS OF JUNE 30, 2010 (PERCENT)



Source: INL, response to SIGAR data call, 7/10/2010.

space available was insufficient for the number of detainees and convicts in the system.<sup>241</sup> As shown in Figure 3.30, many provincial prisons fail to meet this minimal standard. In fact, seven of the provincial prisons depicted have five or more people crowded into the recommended space for one inmate.

As a result of the overcrowding, many facilities cannot segregate convicted criminals from detainees. In 24 of the 34 provinces, younger detainees and prisoners (ages 18 to 25) are not separated from older convicts.<sup>242</sup> Segregation of men from women is fairly consistent throughout the provinces, according to the AIHRC. Where women do not have separate facilities, they are held separately from men. In Kabul prisons, however, the AIHRC reported that male guards are sometimes used to monitor female inmates.<sup>243</sup>

As of May 2010, the United States was in the planning stages of implementing a program of small grants to support women and children in prisons. The grants are expected to be used to implement a comprehensive support plan for these inmates. The plan will include training and support for corrections officers (male and female) who deal with female inmates and their children.<sup>244</sup>

The AIHRC was unable to conduct a systematic review of all Afghan prisons and detention centers because of technical and logistic difficulties, and problems accessing the centers. In each review, the AIHRC found that information was missing, particularly in district detention centers.<sup>245</sup>

## Refugees and Returnees

At the July 20 Kabul Conference, President Karzai urged the GIROA and the international community to assist Afghan refugees in their “voluntary, safe, and gradual return.” This quarter, the UN High Commissioner for Refugees (UNHCR) noted that since the start of 2010, it had helped approximately 85,040 Afghans return home.<sup>246</sup> Figure 3.31 shows the number of returnees from neighboring countries. Interviews with returnees revealed that many were harassed by authorities in Iran and Pakistan, and economic conditions in both countries had worsened.<sup>247</sup>

Although many Afghan refugees have returned, the UNHCR estimated that approximately 1.7 million still resided in Pakistan, and more than 1.0 million in Iran, as of July 20, 2010. Approximately 97% of refugees in Iran reside in urban or semi-urban settlements. The number of refugees strains local infrastructure, including health care and education systems.<sup>248</sup> According to DoS, UNHCR programs for 2010 will work to improve water and shelter services for returnees. Repatriation plans focus on community-based initiatives that promote cooperation between communities and new returnees, and mitigate conflict over resources.<sup>249</sup>

For FY 2010, the United States has pledged \$37.5 million to support UNHCR repatriation programming and other nongovernmental organization aid for returnees. The United States provides additional support for Afghan refugees and returnees through other international organizations, such as the World Food Program. The United States also provides support for Afghan returnees through programs in Afghanistan.<sup>250</sup>

FIGURE 3.31

AFGHAN RETURNEES, 2010

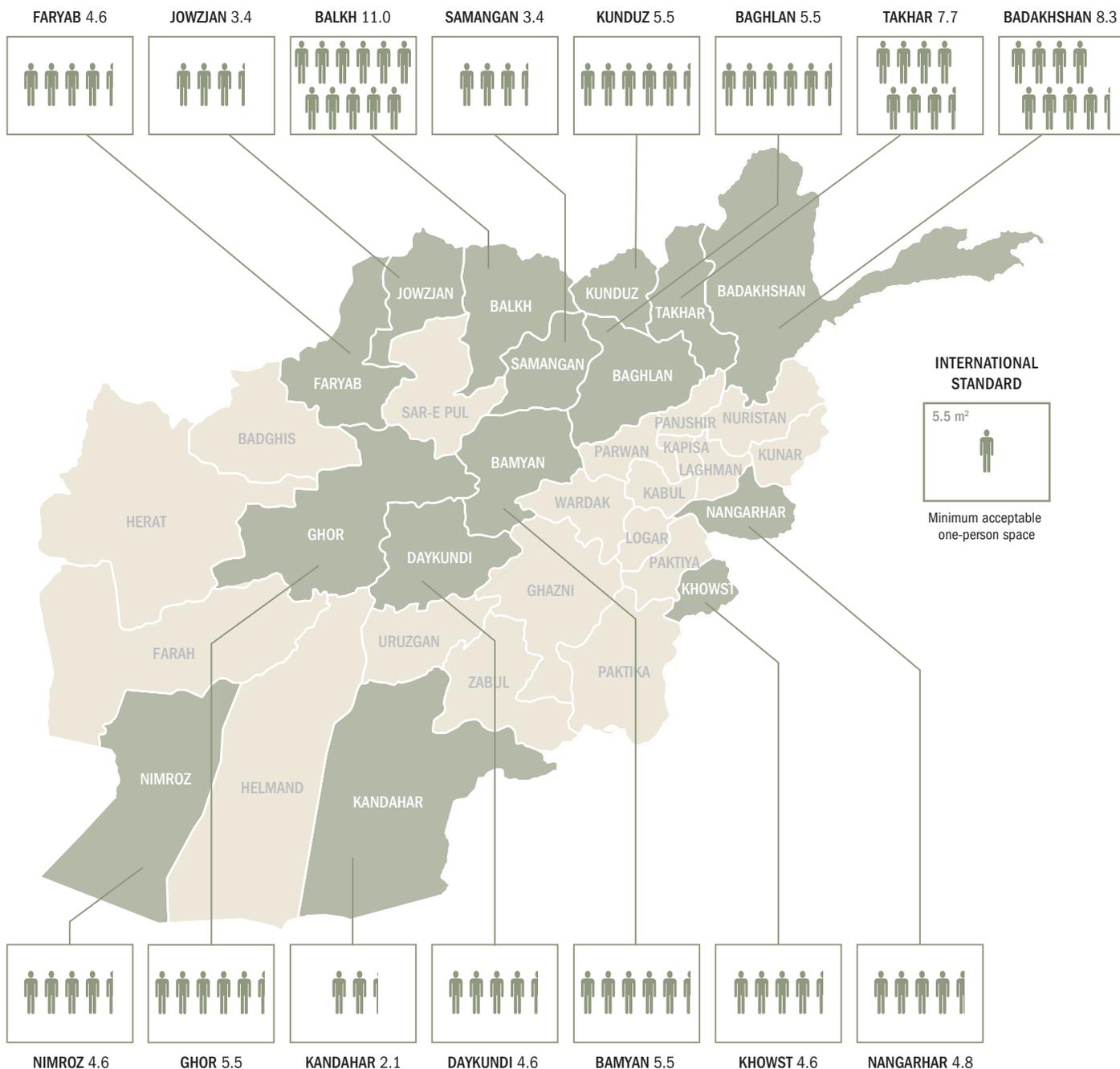


Note: The UNHCR reported an additional 32 returnees from the Russian Federation and India.  
Source: UNHCR, “Voluntary Return to Afghanistan,” 7/14/2010.

# GOVERNANCE

FIGURE 3.30

## OVERCROWDING IN SELECTED PROVINCIAL PRISONS, 2010: Number of Inmates per 5.5m<sup>2</sup> of Space



Notes: Numbers are averages. Minimum acceptable one-person space (5.5 m<sup>2</sup>) determined by the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment.  
Source: AIHRC, "The Situation of Detention Centers and Prisons in Afghanistan," 6/27/2010, pp. 7-8.

## MINORITY VOICES IN AFGHANISTAN

Many minorities in Afghanistan continue to experience persecution within their own country. This highlight presents a glimpse of the state of gender equity and religious freedom in Afghanistan for this quarter. It also examines political representation of these groups.

### GENDER EQUITY

According to DoS, the lives of Afghan women are improving in some areas: girls have more educational opportunities, and more health care facilities employ female health care workers to interact with women. DoS nonetheless emphasized that much work remains to be done to help women attain political, economic, and social empowerment.<sup>251</sup> U.S. programming empowers women across sectors, which includes expanding their access in key areas:<sup>252</sup>

- economic opportunities (particularly in the agriculture sector)
- justice services
- health services and education
- political participation opportunities

The United States also manages a program of small grants aimed at strengthening women's roles in civil society. As of May 2010, these grants were supporting women's groups that advocate passing and enforcing women's rights legislation, including the Elimination of Violence Against Women Act. The grants will also focus on empowering women within the justice system by providing local defense attorneys, prosecutors, and law enforcement officers with specialized training about violence against women. The United States is also funding women's shelters in Kabul, Faryab, and Badghis.<sup>253</sup>

As discussed at the beginning of this section, the GIRoA and the international community are emphasizing reintegration in 2010. To meet reintegration requirements, former insurgents must accept the Afghan Constitution. In a statement this quarter, Ambassador Holbrooke emphasized that insurgents

must accept the entire Constitution, particularly protections for human rights and women's equality. As Holbrooke stated, "Our position on this last point is unambiguous. Afghan-led peace efforts must not be a vehicle for reversing the progress of Afghan women and girls since 2001."<sup>254</sup>

From 2003 to 2010, the Congress earmarked \$627 million for USAID and DoS programs to support Afghan women and girls. According to DoS, these funds were set aside in recognition of the concern that without greater attention to gender issues, Afghanistan's ability to achieve broad economic growth and democratic development would be "sharply reduced." In 2010, the Congress provided an additional \$175 million for women and girls.<sup>255</sup>

This quarter, SIGAR released an audit on the earmarked funds which found that DoS and USAID did not coordinate their reports on their use of funds. SIGAR determined that DoS and USAID took action to coordinate gender-related programming in Afghanistan; however, DoS did not develop guidelines or rationales for determining and reporting earmark attributions. In addition, DoS and USAID did not connect U.S.-funded programs with Afghan goals and benchmarks in the National Action Plan for the Women of Afghanistan—a crucial linkage in determining how U.S. funding addresses the documented needs of Afghan women and girls.<sup>256</sup>

### RELIGIOUS FREEDOM

Approximately 99% of Afghans consider themselves Muslim—80% Sunni and 19% Shiite. The remaining 1% includes 500 to 8,000 Christians, approximately 3,000 Sikhs and Hindus, some 400 Baha'is, and 1 who identifies himself as Jewish. Afghanistan has no Christian or Jewish schools.<sup>257</sup> According to DoS, religious freedom remains a struggle for non-Muslims, who continue to face discrimination and persecution.<sup>258</sup>

This quarter, DoS reported that two Afghan citizens were arrested on charges of proselytizing even though the Afghan Criminal Code does not define religious conversion as a crime, and the Afghan Constitution forbids the punishment of a citizen for crimes that are not defined in the criminal code. However, Article One

TABLE 3.5

IEC ACTIONS TO ENCOURAGE MINORITY AND FEMALE NOMINEES, 2010	
Assisting Organization	Activity
Ministry of Women's Affairs	The IEC held several high-level meetings and phone conferences with the ministry to address the low numbers of female candidates. The ministry also drew on its provincial networks to identify and reach out to potential women applicants.
Supreme Council of Ulema, Shuras, and the Ministry of Hajj	The IEC met with representatives of these organizations, who sent out nomination messages to their local branches in provinces with low numbers of candidates.
Ministry of Culture and Information	The IEC communicated daily with ministry officials and members in provincial offices. The IEC also contacted the Afghan Women's Network and civil society groups to reach potential women applicants through their local networks.
Kuchi Shura	The IEC had several meetings with Kuchi Shura representatives to address the low numbers of Kuchi candidates. The representatives used provincial Shuras to reach out to Kuchi applicants and to motivate the Shuras to nominate candidates. In addition, the IEC liaised with current Kuchi members of the National Assembly to facilitate higher female participation within the Kuchi constituency.
Youth Association of Afghanistan	The IEC coordinated closely with this association, which is believed to have one of the strongest grassroots support bases in the country. Its support resulted in several women applicants in provinces where women were poorly represented.
Media Organizations	Two radio and two television announcements were produced and broadcast daily through four television and six radio channels from April 13 to May 4, 2010.

Source: IEC, "Candidate Nomination: Female Candidates," 5/17/2010.

of the Penal Code states that *Hudud* crimes—serious crimes against Islamic penal codes—are to be punished in accordance with religious law. DoS reported that under some interpretations of this religious law, apostasy is punishable by death.<sup>259</sup>

In addition, the Ministry of the Economy (which regulates nongovernmental organizations in Afghanistan) suspended two Christian organizations after an Afghan media outlet accused them of proselytizing. If the ongoing investigation finds these organizations guilty, they will be referred to law enforcement agencies. The organizations have denied any wrongdoing, and DoS reported that the organizations are cooperating with the GIRoA.<sup>260</sup>

In the past year, the GIRoA has done little to improve religious freedom, according to DoS. DoS attributed the government's inaction to the residual effects of Soviet occupation, civil strife, Taliban rule, suspicion of outsiders and foreigners, and weak democratic institutions.<sup>261</sup>

## POLITICAL REPRESENTATION

At the start of the nomination process for the 2010 elections, minority and female participation was lower than the IEC had anticipated. These groups

were particularly under-represented in the central highlands, as well as in the south and southeast. In response, the IEC launched a campaign to encourage participation. Four factsheets with general information about the Wolesi Jirga were delivered to all IEC provincial offices for distribution in provincial capitals and nearby districts.<sup>262</sup> Additional programming developed in association with other Afghan organizations is listed in Table 3.5.

According to DoS, U.S. support for the National Assembly includes specific programming for minority and underprivileged representatives, particularly women and the Kuchi minority group. U.S. programming aims to include these groups in all development events organized by the National Assembly. In May 2010, a DoS report stated that women are consistently demonstrating increased participation in the National Assembly.<sup>263</sup>

According to the IWA survey released this quarter, 31% of Afghans relied on a shared ethnic heritage to build relationships with corrupt government officials in 2009—an increase from the 14% of Afghans who used this tactic in 2007. According to the survey, 46% of civil servant respondents believed that ethnic favoritism was prevalent in corruption exchanges.<sup>264</sup>



## ECONOMIC AND SOCIAL DEVELOPMENT

This quarter, Afghanistan continued to enjoy mostly favorable macroeconomic conditions, including solid growth in gross domestic product (GDP) and a mild rate of inflation.<sup>265</sup> These conditions follow a record-setting year (2009/10) in which the economy (excluding opium) grew by an estimated 22.5%, according to the most recently updated statistics from the International Monetary Fund (IMF).<sup>266</sup> The World Bank noted that this is the highest annual rate of growth since reconstruction began; last year's record agricultural production was a major driver of this growth.<sup>267</sup>

Growth in the overall economy, however, remains unbalanced. World Bank analyses show that legal exports remain low compared with imports and assistance from international donors.<sup>268</sup> In fact, data from the Afghan Central Statistics Office for the first three quarters of 2009/10 suggests that the value of total exports (including dried fruit and carpets) may have fallen by as much as 40% from the previous year.<sup>269</sup> Cash inflows from international donors increased three times as much as the decline in exports.<sup>270</sup>

**Unbalanced growth: The World Bank reported that donor assistance currently accounts for approximately 45% of Afghanistan's GDP, and legal exports account for 5%.**

Source: World Bank, "World Bank South Asia Economic Update 2010," 6/6/2010, p. 57.



**An Afghan salesman** displays his inventory of Afghan carpets. Connecting domestic industries with international markets is a key goal of the U.S. stabilization strategy in Afghanistan. (ISAF "Why Afghanistan Matters" photo contest, submitted by Alida Bata)

At the July 20 Kabul Conference, the GIRoA provided a detailed plan of its priorities for accelerating economic growth and development over the next three years. The plan recognized the crucial role that Afghanistan's mineral and hydro-carbon resources could play as an engine of growth and revenue generation. As part of the Kabul Process, the GIRoA also acknowledged the importance of removing constraints to private-sector investment in order to stimulate growth. The GIRoA's plan emphasized a number of priorities, including the following:<sup>271</sup>

- large-scale environmentally friendly infrastructure projects to develop Afghanistan's mineral resources
- a national energy supply program to meet increasing demand for domestic and imported energy
- large-scale irrigation projects, as well as water management, land management, and rural energy development projects
- a nationwide road-construction and maintenance program to better connect farmers with markets
- a program to enhance the employability of Afghan youth and young adults by identifying skills in demand in the market and partnering with the private sector to offer literacy, technical, and vocational education

## LEADING INDICATORS

This section provides details on the growth, inflation, and exchange rate trends in Afghanistan this quarter.

### GDP/Economic Growth

The World Bank has estimated that Afghanistan's GDP growth will continue to be positive for the current solar year (March 20, 2010–March 21, 2011); it is averaging about 8% annually.<sup>272</sup> On a note of concern, however, the World Bank estimated that Afghanistan's industrial growth last year lagged behind previous years. This was due primarily to relatively lower growth rates in Afghanistan's manufacturing and construction sectors.<sup>273</sup> The decline in manufacturing and construction growth rates coincided with the government's low rate of spending of its core development budget, which reached only 40% in 2009/10.<sup>274</sup> It also coincided with last year's decline in foreign direct investment in Afghanistan. Foreign direct investment in Afghanistan fell by 40% last year after several years of modest growth, according to the Economist Intelligence Unit.<sup>275</sup> On a positive note, Afghanistan's mining sector grew by 30% in the last two years and is expected to continue to grow this year.<sup>276</sup>

In a reform-related development this quarter, the IMF and the GIRoA reached an agreement on a three-month extension (until September 25, 2010) of the Three-Year Arrangement under the Extended Credit Facility.<sup>277</sup> This IMF program provides a \$120 million low-cost loan to Afghanistan on the condition that key economic and structural reforms are implemented.<sup>278</sup> A major long-term objective of this loan program is to help Afghanistan develop the capacity to collect higher domestic revenues so it can reduce its dependence on foreign aid, according to the IMF.<sup>279</sup>

In the letter requesting the loan extension, the officials stated that the GIROA expected to complete most of the structural reforms required under the IMF program by mid-July 2010, with two exceptions:

- the comprehensive financial review of the state-owned fuel company
- the implementation of a new business model for border controls

The officials noted that implementation of these reforms has been delayed by the lag in appointments, technical difficulties, and the complexity of the issues involved. The letter committed the GIROA to include these two key reforms in the arrangement negotiated with the IMF.<sup>280</sup>

## Inflation

In April 2010, the World Bank reported that when final data is available, it will likely show that Afghanistan experienced disinflation of approximately -12% last year.<sup>281</sup> This disinflation was due primarily to falling food prices, which account for 28% of the goods and services that constitute the Consumer Price Index.<sup>282</sup> The World Bank reported that disinflation appeared to have ended in December 2009 and that food prices were rebounding.<sup>283</sup> World Bank analysts predicted that inflation will average a relatively modest 5% in 2010/11.<sup>284</sup>

## Exchange Rate

According to data provided to the World Bank by the Da Afghanistan Bank, the Afghani appreciated about 3% (in nominal terms) against the U.S. dollar in 2009 before leveling off late in the year.<sup>285</sup> The World Bank reported that the Afghani also appreciated last year against the currencies of other major trading partners and appears to be valued fairly.<sup>286</sup> That development is significant because an overvalued currency can negatively impact domestic industries by making exports more expensive and encouraging higher levels of imports, according to the Economist Intelligence Unit.<sup>287</sup>

## BANKING

The Afghan banking sector is growing and deposits continue to outpace loans, according to the World Bank. Official GIROA statistics indicate low vulnerability in the sector as non-performing loans continued to decline from March 2006 to December 2009. In April 2010, however, World Bank analysts urged caution in using official statistics to evaluate the health of Afghan banks because of concerns about loan-classification standards, the lack of supervisory capacity, and a general lack of transparency.<sup>288</sup>

This quarter, in response to concerns about large amounts of cash being moved out of the country, the Minister of Finance publicly called for an international investigation into the **Hawala** banking system.<sup>289</sup> Previously, in April 2010, DoD reported to the Congress that a joint U.S.-Afghan team raided seven Hawalas that were actively involved in transferring money to insurgents.<sup>290</sup> As a result of these raids, the report noted that the United States identified several

**On July 22, 2010, the U.S. government signed an agreement cancelling 100% of Afghanistan's existing debt (\$180 million) with the United States. The U.S. Ambassador to Afghanistan noted that debt relief is critical because it allows the GIROA to spend more of its resources on programs to help the Afghan people.**

Source: DoS/U.S. Embassy Kabul, press release, "United States, Afghanistan Sign Debt Relief Agreement," 7/22/2010.

**Hawala:** Afghanistan has an extensive, informal financial system known as Hawala, which is based on a network of money brokers called Hawaladars. For centuries, Hawala practitioners have provided a wide range of financial services including sending remittances abroad, money exchanges, and micro-finance. Whereas banking transactions leave a paper trail, Hawala transactions can be placed anonymously without revealing the identity of the remitter or the source of the funds, according to a 2003 World Bank study.

Sources: World Bank, "The Money Exchange Dealers of Kabul: A Study of the Hawala System in Afghanistan," 6/2003, pp. 1-8; DoD, "Report on Progress Toward Security and Stability in Afghanistan," 4/2010, p. 21.

money laundering networks with direct links to insurgent groups, narcotics traffickers, and corrupt government officials. In a related effort, three branches of a Kabul-based money exchange were searched in January 2010.<sup>291</sup>

## FISCAL SUSTAINABILITY

Improving the fiscal sustainability of the GIRoA is a key economic development goal of the Afghanistan and Pakistan Regional Stabilization Strategy and the Kabul Conference participants.<sup>292</sup>

### Revenue Collection

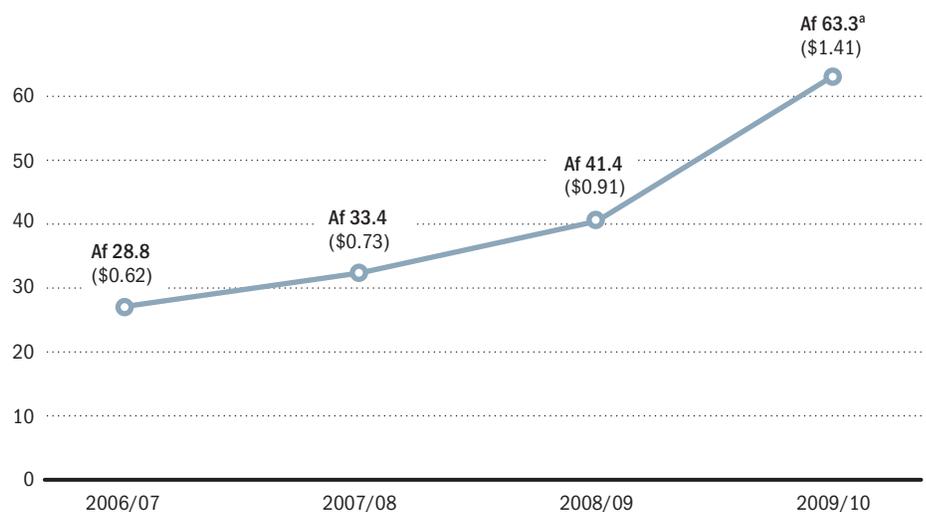
Since 2006, the GIRoA has made progress in increasing the amount of revenue it collects domestically. Figure 3.32 provides a preliminary, unofficial estimate of GIRoA revenue collection from 2006/07 to 2009/10, in Afghanis and dollars.

This quarter, the World Bank and the U.K. Department for International Development released a 2010 public expenditure review of the GIRoA. They found that although the GIRoA has increased revenue collection, progress toward fiscal sustainability remains a challenge.<sup>293</sup>

The GIRoA's revenue collection in 2009/10 surged by 53% over the previous year, according to the World Bank's most recent Southeast Asia economic update.<sup>294</sup> At the same time, however, the World Bank's public expenditure review found that public expenditures—especially for the security forces—continued

FIGURE 3.32

ESTIMATED DOMESTIC REVENUE COLLECTION, 2006/07–2009/10 (Af BILLIONS, \$ BILLIONS)



Notes: Figures are preliminary estimates. Af 45 = \$1.

a. Projected figure, as of 4/10/2010.

Sources: Ministry of Finance; Da Afghanistan Bank.

TABLE 3.6

<b>PROJECTED ANSF EXPENDITURES, 2008/09–2023/24</b>				
	<b>2008/09<sup>a</sup></b>	<b>2013/14</b>	<b>2018/19</b>	<b>2023/24</b>
<b>Expenditures by Security Force (\$ BILLIONS)</b>				
ANA <sup>b</sup>	\$3.2	\$3.8	\$5.0	\$6.5
ANP <sup>c</sup>	\$1.5	\$1.7	\$2.1	\$2.7
<b>Total</b>	<b>\$4.7</b>	<b>\$5.5</b>	<b>\$7.1</b>	<b>\$9.2</b>
<b>Expenditures Relative to Revenues (PERCENT)</b>				
ANSF Expenditures as a Share of Projected GIRoA Domestic Revenues	449%	270%	195%	154%

Notes: Numbers affected by rounding. Includes operating and investment expenditures.

a. Estimated actual.

b. World Bank Manpower Level Assumptions: ANA strength increases to 240,000 by 2012/13; ANP strength increases to 160,000 by 2013/14. These differ from the troop levels agreed to at the January 2010 London Conference, which were 171,600 for the ANA and 134,000 for the ANP by October 2011.

c. Macroeconomic assumptions: Afghanistan's long-term GDP growth rate averages 6% annually; inflation decreases to 3% in 2012/13 and beyond; GIRoA domestic revenue rises to 13% of GDP by 2028/29.

Sources: World Bank/DfID, "Afghanistan Public Expenditure Review 2010: Security Sector," pp. 23–24; DoD, "Report on Progress Toward Security and Stability in Afghanistan," 4/2010, pp. 104, 115.

to rise and outpace revenues.<sup>295</sup> Table 3.6 shows World Bank projections of ANA and ANP expenditures (in billions of dollars and as a percentage of domestic revenues) for 2008/09 through 2023/24. According to these projections, annual spending on security forces alone will likely exceed total domestic revenue collection for the foreseeable future.<sup>296</sup> The World Bank concluded that Afghanistan will require sustained external support for some time if it is to maintain the ANA and ANP force levels specified in the public expenditure review.<sup>297</sup>

Salaries for teachers and other education personnel are the second major component of the GIRoA operating budget, according to the World Bank public expenditure review.<sup>298</sup> The review concluded that spending on education must increase 180% in constant terms in order to achieve the Millennium Development Goal of full primary school participation by 2020.<sup>299</sup>

## Capacity Building

At the London and Kabul conferences, international donors welcomed the GIRoA's commitment to assume greater financial responsibility for its affairs.<sup>300</sup> Donors acknowledged, in principle, the GIRoA's request to channel more development funds through the Afghan central government if reforms were made and corruption reduced.<sup>301</sup> This quarter the GIRoA presented proposals for an Afghan-led development agenda to the Joint Coordination and Monitoring Board and at the Kabul Conference and requested that donors align funding with these initiatives.<sup>302</sup>

The World Bank noted that although the GIRoA has made progress on public financial management reforms, it faces a significant gap in its capacity to administer public expenditures.<sup>303</sup> For example, the World Bank's public expenditure review reported that the GIRoA was able to disburse

**The World Bank defines fiscal sustainability in Afghanistan as the point at which the GIRoA collects enough revenue to cover its operating expenses. From 2003/04 through 2008/09, wages and salaries of government employees consumed 66% of the GIRoA's operating expenses. According to the World Bank, more than 500,000 people work for the GIRoA; more than 80% are either security force members or teachers.**

Source: World Bank/DfID, "Afghanistan Public Expenditure Review 2010: Public Expenditure Trends and Fiscal Sustainability," pp. 2, 9.

**Budget execution rate:** Defined by the World Bank as the ratio of actual disbursements to the mid-year approved budget.

Source: World Bank/DfID, "Afghanistan Public Expenditure Review 2010: Public Expenditure Trends and Fiscal Sustainability," p. 11.

only about 40% of its core development budget in 2009/10.<sup>304</sup> This is the lowest **budget execution rate** for the core development budget since 2005/06.<sup>305</sup>

Figure 3.33 shows trends in expenditures for the core development budget, which improved between 2005/06 and 2007/08, and then began to worsen in 2008/09. The World Bank attributes declines in the GIROA's budget execution rate to a variety of factors, including the lack of absorption capacity of line ministries, technical difficulties related to bridge financing, and confusion over program budgeting.<sup>306</sup>

## ESSENTIAL SERVICES

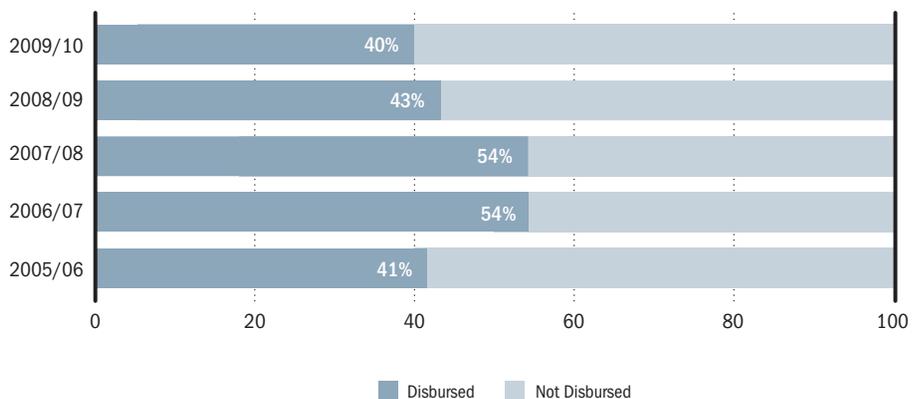
The World Bank's public expenditure review focused on Afghanistan's reliance on international donors for education funding and the need to continue to strengthen the capacity of the Ministry of Education (MoE). In June, the U.S. Geological Survey (USGS) released a report on water in the Kabul Basin, highlighting the need to improve the management and conservation of Afghanistan's water resources. The Asian Development Bank announced that to support essential reconstruction work and economic development, it would increase grant funds (from \$386 million to \$548 million in 2011/12). In addition to supporting irrigation and energy projects, the extra funds are intended to help Afghanistan address cost overruns linked to building the Ring Road.<sup>307</sup>

## Energy

This quarter, the Minister of Energy and Water told the press that an estimated 70% of Afghans still do not have access to a reliable source of electricity, and that the country continues to rely on imported electricity to meet its needs, as shown

FIGURE 3.33

CORE DEVELOPMENT BUDGET: EXECUTION RATES, 2005/06-2009/10 (PERCENT)



Note: Related to Mid-Year Review.

Source: World Bank/DfID, "Public Expenditure Trends and Fiscal Sustainability," Working Paper 2 for Afghanistan Public Expenditure Review 2010, 3/31/2010.

in Figure 3.34.<sup>308</sup> The ANDS goals of providing electricity to 65% of urban households and 25% of rural households by the end of 2010 will clearly not be met.<sup>309</sup>

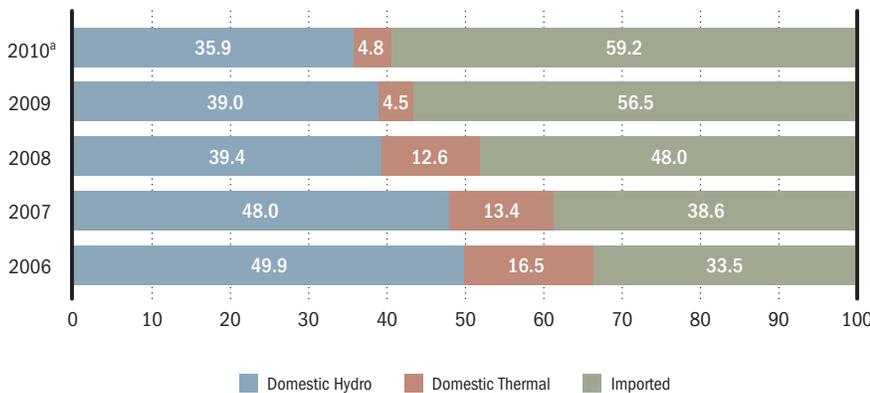
As reported in SIGAR’s audit of the energy sector, the U.S. government had spent more than \$732 million refurbishing Afghanistan’s energy sector as of January 2010.<sup>310</sup> Despite this progress, many challenges remain. Among other findings, the audit concluded that Afghanistan’s lack of capacity to collect sufficient revenue is a major factor limiting its ability to operate independently, to expand its power system, and to recruit and retain qualified staff.<sup>311</sup>

The security environment is another factor that limits the supply of domestically produced energy. As noted in SIGAR’s January 2010 quarterly report, transporting a new turbine to the Kajaki Dam in Helmand in September 2008 required a combined force of 4,000 ISAF and ANSF troops because of insurgent and IED activity in the area.<sup>312</sup> Last quarter, work on installing the third Kajaki turbine was suspended indefinitely because of continuing security challenges.<sup>313</sup> Two older, refurbished turbines at the dam are operational and supplying power.<sup>314</sup> This quarter, however, NATO reported that the Taliban blew up a structure that supported some Kajaki Dam supply lines, cutting off electricity to parts of Helmand; the Taliban initially refused to allow government engineers access to the area to repair the damage.<sup>315</sup> Later negotiations made it possible for government engineers to repair the supply lines.<sup>316</sup>

This quarter, the U.S. government officially handed over the 105-MW Tarakhil Power Plant in Kabul to the GIRoA.<sup>317</sup> The first six blocks of the power plant were brought on line in August 2009, and the plant became completely operational on May 31, 2010, according to the U.S. Agency for International

FIGURE 3.34

DOMESTICALLY PRODUCED AND IMPORTED ELECTRICITY, 2006–MAY 2010 (PERCENT)



Note: Numbers affected by rounding.  
a. Figures for January through May.

Source: USAID, Afghanistan Energy Information Center (AEIC), “Power Production and Supply Statistics,” accessed online 7/10/2010.

Development (USAID).<sup>318</sup> The agency reported that the Tarakhil plant has the installed capacity to provide electricity for up to 600,000 residents in Kabul who are connected to the North East Power System.<sup>319</sup> The United States contributed \$300 million to support this project and will continue to support capacity-building programs to maintain this facility, according to U.S. Ambassador Karl Eikenberry.<sup>320</sup>

## Education

The recent World Bank public expenditure review noted that the GIROA is heavily dependent on international donors for education resources. According to the review, about 60% of Afghanistan's current education expenditures are funded by the external budget; the majority of these expenditures, therefore, are financed by international donors.<sup>321</sup>

The World Bank review noted that wages and salaries (primarily for teachers) account for more than 90% of the operating expenses of the MoE.<sup>322</sup> Salaries are generally paid in cash in front of witnesses, and recipients are required to sign a receipt.<sup>323</sup> The review noted, however, that relying on cash to pay teachers' salaries makes the system vulnerable to abuses such as skimming and "ghost" employees. This is especially true in remote areas, where one person may be designated to receive the total cash disbursement to pay all teacher salaries. The review noted that in 2008/09, the MoE identified 5,000 potential ghost employees during its teacher registration process and deleted them from the official payroll.<sup>324</sup> As a result, the MoE is moving toward paying teacher salaries through banks to reduce potential corruption, according to the review.<sup>325</sup>



**Afghan girls attend** a class. Increasing access to education for girls and young women is a priority of the GIROA and the international community. (ISAF photo)

The public expenditure review also reported that capacity challenges prevented the MoE from spending more than 38% of its core development budget in 2008/09.<sup>326</sup> One reason is that the MoE and the Ministry of Finance (MoF) are unprepared to disburse education funds to the provinces on a timely basis. The delays arise because most of the budget funds work is done manually.<sup>327</sup> Another example is an increase in the number of forms that the MoE's budget department must fill out to disburse education funds to the provinces.<sup>328</sup> The review noted that since 2007/08, the number of required forms has risen from 185 to approximately 1,480. This increase is significant because 78% of the operating budget is allocated to the provinces, according to the review.<sup>329</sup>

This quarter, the USAID Office of Inspector General (USAID OIG) released an audit of a \$105 million, four-year USAID construction program through which approximately 776 health clinics and schools were built throughout Afghanistan.<sup>330</sup> Because of the precarious security conditions where many of the structures are located, auditors were given a representative sample of 30 schools to visit on site.<sup>331</sup> The auditors concluded that those schools were being used for their intended purposes, with the exception of one school building being used by the MoE.<sup>332</sup> The schools were staffed with 1,385 teachers, who taught 57,744 students.<sup>333</sup> Nevertheless, auditors observed many challenging conditions in the schools:<sup>334</sup>

- 21 school buildings with no electricity (17 of them in areas where electricity was not available)
- 14 schools with no water or insufficient water
- 12 schools without toilets
- 18 schools without adequate furniture

The audit identified two major factors that contributed to these challenges—lack of compliance with the International Building Code and lack of operating funds.<sup>335</sup>

This quarter, the UN Secretary-General reported that attacks against schools continued to increase throughout Afghanistan. He noted that the overwhelming majority of these attacks were made by anti-government groups; attacks included intimidation of pupils and teachers; abductions, beatings, and killings of school staff; arson; and improvised explosive devices placed in schools.<sup>336</sup>

## Health Services

The USAID OIG audit on schools also covered health clinics.<sup>337</sup> Auditors visited a representative sample of 20 health clinics. They concluded that most of the structures were being used for their intended purposes.<sup>338</sup> The 20 health clinics employed 109 clinical staff and provided treatment to approximately 39,500 patients.<sup>339</sup> But auditors found many unsatisfactory conditions, including insufficient plumbing, equipment, or water as well as a lack of personnel. The auditors could not determine whether some of the deficiencies were related to poor construction or to the lack of maintenance and support from the GIRoA.<sup>340</sup>



**A local elder** demonstrates that a village well is dry. Of the 50 wells in the returnee village of Barikop in Parwan, only 4 still work. (U.S. Air Force photo, MSgt Kelley J. Stewart)

**Since 2004, the USGS has been working with the Afghan Geological Survey and the Ministry of Energy and Water to address future water availability in the Kabul Basin. To provide a scientific basis for managing this important resource, the USGS has developed a database of information on ground and surface water in the area. USAID funds this effort.**

Source: USGS, "Availability of Water in the Kabul Basin, Afghanistan," Fact Sheet 2010-3037, 5/2010, p. 1.

## Water and Sanitation

This quarter, the USGS released a report on water resources in the Kabul Basin.<sup>341</sup> According to the Afghan Ambassador to the United States, the water flowing into the city of Kabul traditionally originated from pristine sources.<sup>342</sup> The USGS noted that population growth and drought have created new stresses on Kabul's water supply, resulting in many contaminated, dry, unusable wells.<sup>343</sup> According to the USGS report, Kabul had no municipal waste or wastewater treatment plant. In less populated areas, however, the water quality was relatively good.<sup>344</sup>

To meet the need for clean water resources in Afghanistan, the United States has provided funding for 912 small and medium-size water and sanitation projects between June 2004 and June 2011. According to U.S. Central Command (CENTCOM), the estimated total cost of these projects was \$28 million, and the median project cost was an estimated \$14,490. Examples of these clean water and sanitation projects include water wells, water tanks, septic systems, small-scale irrigation projects, and restroom facilities.<sup>345</sup>

## INDUSTRY AND NATURAL RESOURCE DEVELOPMENT

This quarter, Afghanistan was on track to produce another bountiful cereal crop harvest, and the GIRoA presented proposals for more water development projects at the Kabul Conference. The potential value of Afghanistan's mineral resources received renewed attention when the U.S. Department of Defense (DoD) released a new report estimating the potential value of these resources. The Center for International Private Enterprise (CIPE) released a new survey of small business owners in Afghanistan that focused on their plans for the future, including the hope that the GIRoA's contracting processes would become more transparent and accessible.

## Agriculture

Accelerating progress in agriculture is a top priority of the U.S. stabilization strategy in Afghanistan and Kabul Conference participants.<sup>346</sup> The U.S. government has awarded approximately \$1.4 billion toward agricultural programs in Afghanistan since 2002, according to the GAO.<sup>347</sup>

According to the U.S. Foreign Agricultural Service (FAS), Afghanistan is on track for its second consecutive successful growing season. The FAS reported that rain was plentiful during autumn 2009, enabling wheat crops to become well established before the harshest winter months. Somewhat less favorable weather conditions prevailed during the winter and spring. These less favorable conditions included substantially lower snow accumulation, which is the principal source of moisture for irrigated crops, and higher-than-normal temperatures in major lowland wheat-growing regions. Nevertheless, in May the FAS forecasted that Afghanistan will produce approximately 3.7 million tons of wheat in 2010, which is 18% above average.<sup>348</sup>

Despite the recently improved harvests, the World Bank reported in April 2010 that Afghanistan continues to import about one-sixth of its cereals annually to meet domestic consumption needs.<sup>349</sup>

USAID OIG recently completed an audit of USAID's Afghanistan Vouchers for Increased Productive Agriculture (AVIPA) program, which provides vouchers for modern seeds and fertilizers to help improve Afghanistan's wheat harvest. In addition, the program funded agriculture-related stabilization activities in Helmand and Kandahar, including cash-for-work programs, such as cleaning irrigation canals; offering small farming equipment grants; and providing saplings and seeds for high-value alternative crops.<sup>350</sup>

As of December 31, 2009, total funding for the program was approximately \$185.2 million. USAID OIG concluded that the program had achieved its planned goals of distributing seeds or fertilizer to 296,920 Afghan farmers and had contributed to the increased wheat harvests. The audit also concluded, however, that it was impossible to measure the program's exact contribution because some of the reported results were not reliable. It also noted that the stabilization program in Helmand and Kandahar could not be fully implemented because of security challenges.<sup>351</sup>

**This quarter, USAID announced a new \$100 million Agricultural Development Fund, which will provide Afghan farmers with credit to buy the equipment, seed, and other materials necessary to expand agricultural production.**

Source: DoS/U.S. Embassy Kabul, press release, "Afghan Farmers Gain More Access to Credit through new \$100 million Agricultural Development Fund," 7/21/2010.



**Afghan farmers prepare** pesticides to be sprayed on crops. (USAID photo)

TABLE 3.7

**AGRIBUSINESS DEVELOPMENT TEAMS IN PLACE, AS OF JUNE 30, 2010**

Unit	State	Location
TX ADT #3	Texas	Ghazni
IN ADT #2	Indiana	Khowst
CA ADT #1	California	Kunar
SC ADT #1	South Carolina	Logar
MO ADT #3	Missouri	Nangarhar
OK ADT #1	Oklahoma	Paktiya
KY ADT #2	Kentucky	Parwan
KS ADT#2	Kansas	Laghman
AR ADT #1	Arkansas	Zabul

Source: CENTCOM, response to SIGAR data call, 7/6/2010.

## Capacity Building

As of June 30, 2010, the United States had nine agribusiness development teams (ADTs) in Afghanistan to provide technical assistance to help strengthen the country’s agricultural sector, as shown in Table 3.7. These teams are National Guard units consisting of farmers and experts in animal husbandry, horticulture, irrigation, food storage, and distribution. They provide advice and training to Afghan farmers, provincial ministries, and universities, and they train Afghan extension agents to teach modern farming methods.<sup>352</sup>

According to CENTCOM, the teams have identified a number of obstacles to agricultural progress:<sup>353</sup>

- interpreters’ lack of sufficient agricultural vocabulary
- farmers’ dependence on wheat, although other crops may be more compatible with the rocky terrain
- the lack of sufficient irrigation projects
- the lack of businesses to support the agriculture industry, such as equipment leasing
- Afghan government corruption



**A technical advisor** for the Ministry of Agriculture visits a greenhouse at the Department of Agriculture compound in Farah in April, where farmers are given the opportunity to view new and different agricultural techniques. (U.S. Air Force photo, SrA Rylan K. Albright)

## Irrigation

Better management of water resources is key to the future of agricultural development in Afghanistan, according to the Afghan Ambassador to the United States. If enough water were available all year, farmers would be more likely to plant pomegranates and other valuable crops that require more intensive irrigation. According to USGS officials, some areas of Afghanistan are relatively rich in underground water resources; however, these resources may be ancient aquifers located deep underground, and their sustainability needs further evaluation. Officials noted that the most significant challenge to developing Afghanistan's water resources is the lack of skills and technical capacity to manage these resources effectively. The USGS, therefore, is working with the Afghan Geological Survey (AGS) and the Ministry of Energy and Water to develop that capacity. In recognition of the importance of water resources, plans for large-scale water development projects were presented at the Kabul Conference.<sup>354</sup>

According to the Afghan Ambassador, the GIROA is working to define water rights and obligations to lay the groundwork for developing its river water resources. He noted that most of Afghanistan's rivers flow into neighboring countries that also use the water; therefore, it is important to develop a framework for regional cooperation before building new dams and other water-related infrastructure near the borders of other countries. USGS officials noted that Afghanistan's neighbors use approximately twice as much water per person as Afghanistan.<sup>355</sup>

## Mining

This quarter, the DoD Task Force on Business and Stability Operations in Afghanistan (TFBSO) released an updated report on Afghanistan's mineral wealth. It included new estimates of the potential economic value of these resources, based on recently collected data. The goal was to provide high-quality, verifiable data that meets private-sector investment standards. The Ministry of Mines presented the new information at the first International Symposium on Mineral Sector Opportunities in Afghanistan, in London on June 25, 2010.<sup>356</sup>

As SIGAR noted in its January 2010 quarterly report, the USGS first released an assessment of Afghanistan's mineral resources in 2007.<sup>357</sup> This data was presented at the third annual U.S.-Afghan Business Matchmaking Conference, organized by the Afghan-American Chamber of Commerce, in Washington, D.C., in November 2007.<sup>358</sup> This preliminary report was based on surveys carried out between 1950 and 1985, according to the USGS. The data was hidden from Afghan authorities during the 1990s and returned to the GIROA in 2001. Subsequently, it was used as the basis for further research by the USGS, in partnership with the AGS and the Ministry of Mines.<sup>359</sup> From 2005 to March 31, 2009, the USGS produced approximately 189 reports of geological surveys in Afghanistan, including assessments of coal, oil, natural gas, water, and other resources.<sup>360</sup> USAID provided the funding for these surveys.

In the fall of 2009, the TFBSO partnered with the USGS to further explore Afghanistan's mineral resources; after extensive field visits, the team created a list

**From 1950 to 1980, approximately 165 stream gauges operated in Afghanistan, measuring stream levels and flow, according to USGS officials. During the years of war, the gauges fell into disuse. The USGS analyzed and made available online the historical data gathered by these gauges, and the Ministry of Energy and Water recently reactivated the gauges as a resource for water management planning.**

Source: USGS, response to SIGAR data call, 6/24/2010.

TABLE 3.8

<b>MINERAL RESOURCES (NON-FUEL): ESTIMATED POTENTIAL GROSS IN-PLACE VALUE, DECEMBER 2009</b>		
<b>Mineral (non-fuel)</b>	<b>Amount (Tonnes)</b>	<b>Value (\$ Billions)</b>
Iron	1,490,944,000	420.85
Copper	40,895,800	274.00
Niobium	3,500,000	81.20
Cobalt	600,000	50.82
Gold	685	25.00
Molybdenum	724,010	23.89
Rare earth elements	1,400,000	7.41
Asbestos	13,365,563	6.32
Silver	9,067	5.34
Potash	27,513,690	5.09
Aluminum	2,290,175	4.43
Graphite	1,055,223	0.67
Lapis lazuli	1,300	0.65
Fluorite/fluorspar	8,791,000	0.64
Phosphorus	6,200,000	0.58
Lead and zinc	243,900	0.55
Mercury	32,234	0.50
Strontium	329,100	0.41
Sulfur	6,450,000	0.23
Talc	1,250,000	0.16
Magnetite	31,200	0.16
Kaolin	—	0.05
<b>Total Estimated Value</b>		<b>908.95</b>

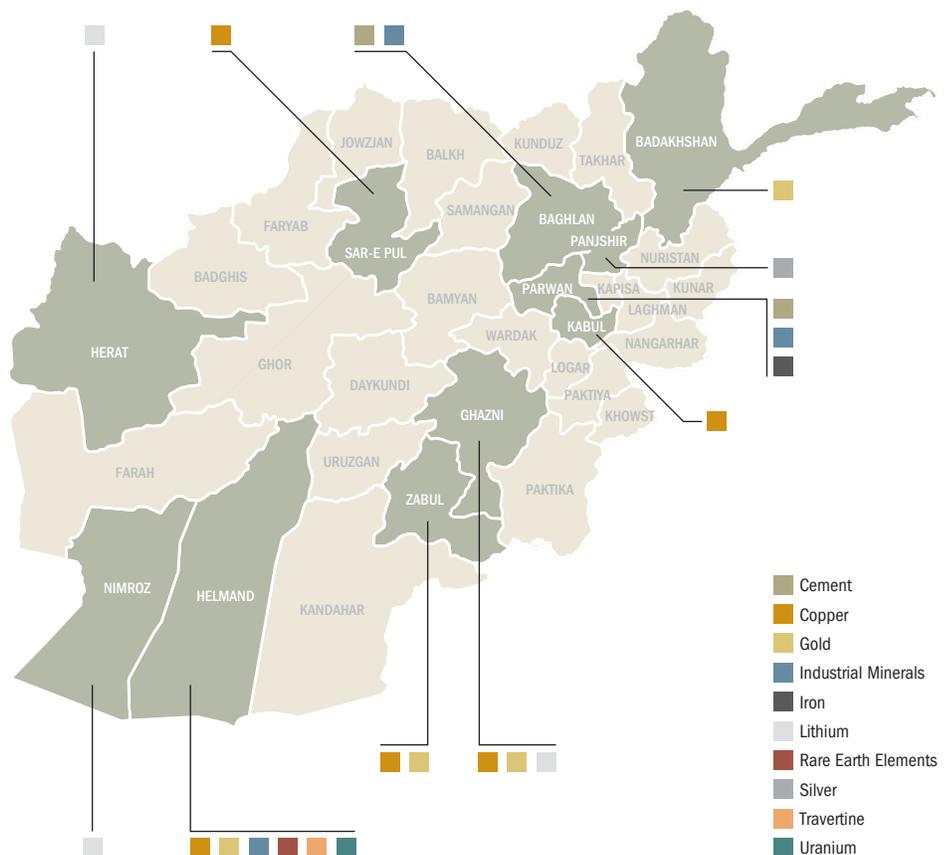
Note: — = not available.  
Source: DoD, TFBSO, "Afghan Economic Sovereignty: Establishing a Viable Nation," 6/14/2010, p. 5.

of priority areas of interest. Table 3.8 lists Afghanistan's potential mineral resources and their potential value, as calculated by the TFBSO. As SIGAR has noted in previous quarterly reports, experts from the World Bank and other organizations agree that development of Afghanistan's mineral resources provides the best opportunity to generate sustainable, long-term revenue growth for the GIRoA.<sup>361</sup>

The TFBSO has expanded its sampling effort to include not only U.S. government experts, but staff from the AGS and industry geologists. As of July 14, 2010, more than 700 samples have been collected and submitted to the USGS laboratory for analysis. Geochemical assay work has been completed on more than 500 of the submitted samples, and the results are being reviewed and analyzed to better understand the size, type, and value of the deposits.<sup>362</sup> Figure 3.35 shows the 11 provinces that the TFBSO visited to collect samples and make field observations.

FIGURE 3.35

### POTENTIAL RESOURCES IN 11 PROVINCES



Note: Potential resources identified during TFBSO visits.  
Source: DOD/TFBSO, response to SIGAR data call, 7/14/2010.

According to the TFBSO and the USGS, Afghan engineers or geologists have been included in these efforts whenever possible, to build domestic capacity for assessment work. In addition, the TFBSO and USGS have assessed the information technology and data storage and analysis capabilities of the AGS, and submitted a proposal to that agency to strengthen its technical systems.<sup>363</sup>

The TFBSO is working with industry experts, the AGS, and the USGS to compile all data into packages for presentation to potential investors. This includes archiving and translating Soviet-era field reports and maps that provide valuable geochemical and geologic information on many of these areas. This information is being adapted for use with modern geospatial programs and tools that are required for current-day exploration and development activities. In addition, the TFBSO has begun to identify and engage with international firms interested in the development of Afghanistan's mining sector.<sup>364</sup>

## Other Energy Resources Development

To assess the current state of oil and gas infrastructure, the TFBSO and the USGS have sent field expeditions to Sheberghan (Jowzjan province), Mazar-e Sharif (Balkh province), Kunduz (Kunduz province), and Herat (Herat province). The TFBSO/USGS team also conducted a seismic feasibility study to determine whether two-dimensional seismic surveys could be run from the city of Sheberghan to Kunduz. Such surveys would identify subsurface structures that trap oil and gas, as well as the best places to drill sample wells. Table 3.9 provides USGS estimates of potential quantities of oil and gas resources and the TFBSO's calculations of the potential value of these resources.<sup>365</sup>

The TFBSO has signed a Memorandum of Understanding with the Ministry of Mines to support a proof-of-concept project to lay the groundwork for restarting production from existing oil wells in Afghanistan. Among other benefits, restarting oil production wells would demonstrate the country's capacity for oil and gas production and distribution, strengthen investor interest, and expand the Afghan First Program to include petroleum-derived products such as asphalt and fuel.<sup>366</sup>

To help build capacity for other energy-producing infrastructure, the TFBSO has also partnered with the Ministry of Rural Rehabilitation and Development to assess potential micro-hydropower sites in Afghanistan. As of July 14, 2010, visits had been made to 2 of the estimated 15 to 30 sites, according to the TFBSO.<sup>367</sup>

TABLE 3.9

<b>MINERAL RESOURCES (FUEL): ESTIMATES OF POTENTIAL CURRENT VALUE</b>			
<b>Resource</b>	<b>Primary Location</b>	<b>Quantity</b>	<b>Potential Value (Billions)</b>
Crude oil	Afghan-Tajik Basin	1,596 billion barrels	\$123.2 (at \$77.19/barrel)
Natural gas	Amu Darya Basin	15,687 billion cubic feet	\$56.3 (at \$3.59/MMbtu)
Natural gas liquids	Amu Darya Basin	562 million barrels	\$43.4 (at \$77.19/barrel)
<b>Total</b>			<b>\$222.9</b>

Source: DoD, TFBSO, "Afghan Economic Sovereignty: Establishing a Viable Nation," 6/14/2010, p. 6.

**The CIPE survey found that businesses perceived a lack of transparency and fairness in the awarding of GIROA contracts, but 6 in 10 hoped the government would be more transparent in the coming year.**

Source: National Endowment for Democracy, CIPE, Charney Research, "Afghan Business Attitudes on the Economy, Government, and Business Organizations," p. 7.

## Private-Sector Development

On May 6, 2010, the National Endowment for Democracy, the Center for Private Enterprise (CIPE), and Charney Research released a survey of small and medium-size Afghan businesses in the country's six largest cities. Of the businesses surveyed, 92% grossed less than \$10,000 annually. Most were either sole proprietorships or family-owned businesses.<sup>368</sup>

The survey found that, in general, the businesses surveyed were positive about economic conditions in their local communities. Most of these businesses served Afghan consumers directly, rather than other businesses, foreign markets, or foreign companies. Three-fourths of those polled expected their sales, number of employees, and net profits to increase during the next six months. Six in 10 businesses surveyed planned to hire more people during that period; 4 in 10 planned to purchase general office equipment.<sup>369</sup>

The survey showed that businesses continue to rely primarily on profits and private savings for financing, rather than loans. Only 7% of respondents reported obtaining loans from private individuals; 6% reported obtaining loans from banks. Survey results pointed to opportunities for growth in the financial system. Three-quarters of surveyed businesses relied on cash to purchase goods and services; only one in six relied on bank transfers to make purchases.<sup>370</sup>

Consistent with surveys described in previous SIGAR quarterly reports, the CIPE found that corruption is a significant burden on the private sector. More than half of the businesses polled reported paying bribes, unofficial fees, or gifts to operate: 41% reported paying local government officials, 28% paid customs officials, and 26% paid national government officials; others paid the road police and tax collectors. Businesses also identified the perceived lack of fairness in the awarding of GIROA contracts as a significant concern. Specifically, many businesses reported that government officials favored relatives and friends in awarding contracts and that the process was not transparent.<sup>371</sup>

In an important trade-related development, DoS announced that the governments of Afghanistan and Pakistan reached a transit trade agreement on July 18, 2010. The agreement will make it easier for Afghan trucks to transport products through Pakistan to the Indian border.<sup>372</sup>

## THE RAPID GROWTH OF COMMUNICATIONS MEDIA IN AFGHANISTAN

Since 2002, the broadcast media have expanded rapidly in Afghanistan. In 2002, there was one national, state-owned radio broadcasting system with an estimated two to three local FM radio stations. As of July 2010, according to the Department of State (DoS), approximately 300 radio stations and re-broadcasters cover virtually all provinces. Similarly, in 2002 only one television station operated in Afghanistan, but as of July 2010, about a dozen privately owned networks and one state-owned television network were broadcasting to all the major cities, according to DoS.<sup>373</sup>

Ownership of radio and television sets in Afghanistan has skyrocketed. According to a 2009 survey by the Broadcasting Board of Governors, 83% of Afghans have a radio in their household, and 39% have a television. The Asia Foundation reported that about 80% of Afghans living in urban areas own a television set, compared with 30% of Afghans living in more rural areas. According to USAID, the average estimated cost of a radio in Afghanistan is less than \$8; the average estimated cost of a television set in Afghanistan is approximately \$100.<sup>374</sup>

The major national radio stations broadcast 2 to 18 hours of programming daily; most of the smaller, local stations are on the air for a few hours each day. Similarly, major television stations broadcast for 8 to 18 hours a day while local stations broadcast only a few hours a day, according to DoS.<sup>375</sup> Recently, however, Afghanistan's Tolo TV network launched the country's first 24-hour satellite news channel. According to USAID, most radio and television programming originates locally, except for movies and serials, which are imported primarily from India, Dubai, Turkey, and Pakistan.<sup>376</sup>

Afghanistan's telecommunications sector has also grown rapidly since 2002, according to the Ministry of Communications and Information Technology (MCIT). Table 3.10 shows the MCIT's estimates of the number



**Telecommunication towers rise** from the top of “TV Mountain” over Kabul. (UNAMA photo)

of phone subscribers in Afghanistan as of March 2010. The table shows that cell phones predominate. In fact, the MCIT estimates that approximately 80% of the Afghan population has access to a cell phone.<sup>377</sup> The MCIT further notes that the four GSM providers and one CDMA/fixed-network provider in Afghanistan have invested more than \$1.5 billion cumulatively in the telecommunications sector.<sup>378</sup> In 2002/03, the U.S. Trade and Development Agency (USTDA) provided funding for a consultant who advised the GfRoa to issue additional cellular operator licenses, which helped attract private-sector investment.<sup>379</sup> The USTDA also funded a technical assistance program to help the Afghan Telecommunications Regulatory Authority improve access to telecommunications technology in rural and underserved areas.<sup>380</sup> Competition among providers has resulted in a decrease in monthly phone bills from approximately \$54 in 2002 to approximately \$5.60 in 2008, according to the MCIT.<sup>381</sup>

TABLE 3.10

TELECOMMUNICATIONS STATISTICS, AS OF MARCH 2010	
GSM subscribers (Wireless)	13,304,533
CDMA subscribers (Wireless)	83,809
Landlines	56,357

Source: GfRoA, MCIT, Telecommunication statistics, [www.mcit.gov.af](http://www.mcit.gov.af), accessed online 7/8/2010.



## COUNTER-NARCOTICS

Since 2002, the U.S. government has appropriated nearly \$4.24 billion for counter-narcotics efforts in Afghanistan.<sup>382</sup> Prior to February 2010, U.S. counter-narcotics efforts focused primarily on eradication. However, eradication proved to have a minimal impact on the size of the regional drug trade and it targeted farmers instead of narco-traffickers.<sup>383</sup> To address the shortcomings of the old strategy, the United States announced a new counter-narcotics strategy last quarter, which centered on interdicting drugs and precursor chemicals, stopping drug trafficking, building capacity, and arresting drug lords.<sup>384</sup>

This quarter, the U.S. Department of State (DoS) began to implement the new strategy, which sets out two specific goals and the objectives that must be met to achieve them. The first goal is to weaken the link between narcotics and the insurgency by significantly reducing the support the insurgency receives from the narcotics trade. To meet this goal, the strategy identifies eight objectives:<sup>385</sup>

- Disrupt and dismantle targets in the narcotics-insurgency-corruption nexus.
- Develop more capable, accountable, effective, and self-reliant Afghan counter-narcotics security forces.
- Fully integrate counter-narcotics activities into civil-military campaign planning.
- Enhance and increase agricultural development and licit alternatives to poppy, in line with the objectives set forth in national and provincial development strategies.
- Increase support for the demand reduction and treatment programs of the Government of the Islamic Republic of Afghanistan (GIROA).
- Support subnational supply reduction efforts.
- Improve counter-narcotics strategic communications.
- Work with international organizations and Afghanistan's regional neighbors to further disrupt the insurgency-narcotics network and eliminate their safe havens.

The second goal is to reduce corruption fueled by narcotics, which reduces Afghans' support for their government. This goal has three objectives:<sup>386</sup>

- Develop institutional capacity in support of the overall governance strategy.
- Designate and prosecute major traffickers.

- Align law enforcement, justice, and targeted financial measures and corrections development programs.

This section highlights the advances made this quarter in support of the counter-narcotics strategy.

## POPPY CULTIVATION AND OPIUM PRODUCTION

In February 2010, the United Nations Office on Drugs and Crime (UNODC) reported that poppy cultivation in Afghanistan was expected to remain stable. However, reports this quarter indicate that an apparent blight has adversely affected the productivity of the poppy crop—effectively reducing the volume of opium production.<sup>387</sup> Although a decrease in opium production would be welcome, stocks of opium are sufficient to supply users for at least two years, according to the UNODC's 2010 World Drug Report.<sup>388</sup>

According to the June 2010 report of the Secretary-General of the United Nations (UN), decreased production could lead to increases in opium prices.<sup>389</sup> Higher prices could create a perverse incentive to cultivate poppy, as noted in May 2010 by the UNODC spokesman in Kabul.<sup>390</sup> The Ministry of Counter-Narcotics (MCN), the UNODC, and their partners are conducting a survey to assess the situation according to the UN Secretary-General.<sup>391</sup>

From May 2009 to May 2010, the prices of dry and fresh opium increased significantly, according to the MCN and the UNODC. Specifically, the farm-gate value of dry opium increased by 71% and that of fresh opium by 104%. The trader price of dry opium increased by 72% and that of fresh opium by 92%.<sup>392</sup> However, it is premature to ascribe the increase in opium prices to the disease affecting the poppy crop.

## COMBATING THE DRUG TRADE

In support of the objectives outlined in the new counter-narcotics strategy, efforts over the reporting period focused primarily on interdiction operations, drug demand reduction, international cooperation, and capacity and alternative development. The following subsections provide details on these efforts.

### Interdiction Operations

As noted in SIGAR's April 2010 quarterly report, interdiction has become a central focus of the new U.S. counter-narcotics strategy. In support of this shift in strategy, the Department of Defense (DoD) reported that the Afghanistan National Security Forces (ANSF) and the International Security Assistance Forces (ISAF) conducted a series of interdiction operations during this quarter. The operations included partnered patrols, cordon and search procedures, and monitoring activities. As a result of these operations, 70 suspects were arrested, and large caches of drugs and drug-related materials were seized.<sup>393</sup> Figure 3.36 displays drug seizures in four provinces by type, amount, and location.

# COUNTER-NARCOTICS

To support these joint operations, the United States provided transportation, intelligence, airlift, and quick reaction forces. According to DoD, the U.S. Drug Enforcement Agency (DEA) mentored specialized units of the Counter-Narcotics Police of Afghanistan (CNPA), and the intelligence community provided targeting and analysis support to law enforcement and the military at the strategic, operational, and tactical levels.<sup>394</sup>

In another effort, the DEA, the U.S. Marines, and the CNPA conducted an interdiction operation on May 18, 2010 that resulted in the capture of high-value targets and a large cache of drugs.<sup>395</sup> The search-and-seizure portion of the operation was conducted entirely by CNPA officers, according to the U.S. Marine Corps.<sup>396</sup>

FIGURE 3.36

## DRUGS SEIZED BY AFGHAN AND COALITION FORCES Results of 33 Counter-Narcotics Operations, April–June 2010

### 24 Operations:

Marijuana seeds: 1,134 kg  
 Marijuana seeds: 200 lb  
 Marijuana seeds: 136 kg  
 Marijuana: 900 kg  
 Opium, raw: 926 kg  
 Opium, raw: 40 kg  
 Opium, raw: 2,090 kg  
 Opium, processed: 851 kg  
 Opium, wet: 4.5 kg  
 Opium, wet: 150 kg  
 Opium, wet: 30 kg  
 Opium, wet: 30 kg  
 Opium, resin: 2,250 kg  
 Opium, liquid: 75 kg  
 Opium: 30 kg  
 Opium: 30 kg  
 Opium: 18 kg  
 Opium: Four 6-kg to 9-kg bags  
 Opium: 11 kg  
 Opium: 120 kg  
 Opium: 450 kg  
 Opium: Two 15-lb bags  
 Opium: 655 kg  
 Heroin: 11 kg  
 Heroin: 90 kg  
 Heroin: 90 kg  
 Heroin: 20 kg  
 Heroin: 39 large stamped, packaged bags  
 Heroin: 15 kg  
 Hashish: 279 kg  
 Hashish: 4.5 kg  
 Morphine: 60 kg  
 Powdered charcoal: 60 kg  
 Poppy seeds: 6 kg  
 Narcotics processing equipment

### 1 Operation:

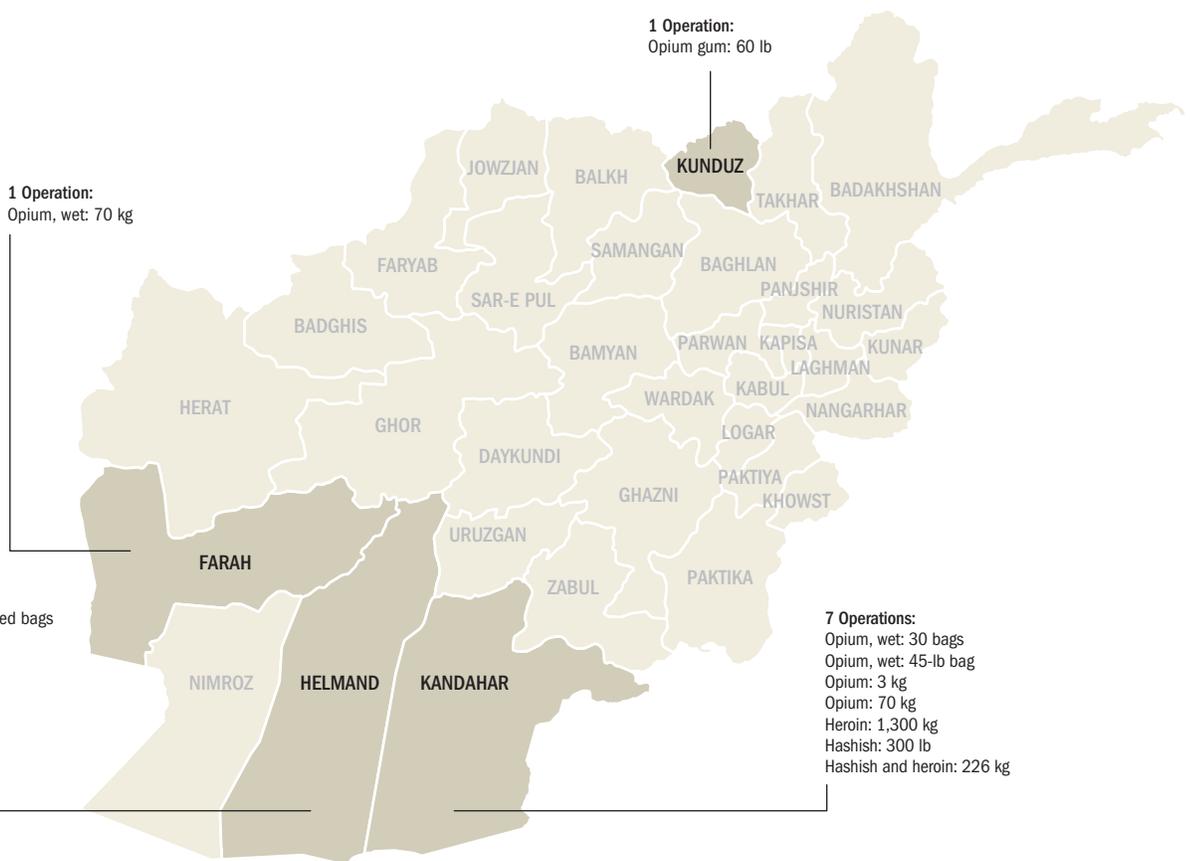
Opium, wet: 70 kg

### 1 Operation:

Opium gum: 60 lb

### 7 Operations:

Opium, wet: 30 bags  
 Opium, wet: 45-lb bag  
 Opium: 3 kg  
 Opium: 70 kg  
 Heroin: 1,300 kg  
 Hashish: 300 lb  
 Hashish and heroin: 226 kg



Note: Data reflects separate drug seizures as reported in ISAF press releases.  
 Sources: ISAF, press releases, 4/9–6/27/2010, accessed online 7/7/2010.



**ISAF forces prepare** to burn more than 7,700 kilograms of illicit drugs seized in a single raid in Helmand in June. Interdiction is a central focus of the new U.S. counter-narcotics strategy. (ISAF photo)

This quarter, the CNPA also coordinated—for the first time—an international law enforcement meeting on interdiction, according to a UN Secretary-General report. The purpose of the meeting was to enhance regional coordination and support for future interdiction operations. These efforts promote the “Afghanization” process, a central theme of the Afghanistan and Pakistan Regional Stabilization Strategy.<sup>397</sup>

To improve interdiction efforts, DoD continued to provide training, infrastructure, and equipment support to U.S. and Afghan counter-narcotics law enforcement agencies. At the request of the DEA, DoD trained an additional 280 personnel for the National Interdiction Unit of the CNPA, which now comprises 500 officers. According to DoD, implementation plans in support of interdiction will help create unity of effort at the inter-agency level.<sup>398</sup>

## Demand Reduction

Approximately one million Afghans are drug users, according to the most recent drug use survey by the UNODC in June 2010. On a national scale, drug treatment is still viewed as inadequate—only 40 treatment centers operate throughout the country. These centers have the cumulative capacity to treat only 10,216 drug users, according to the UNODC and INL.<sup>399</sup>

Recent reports have highlighted the growing issue of drug use in the Afghan National Police (ANP). To assess the extent of such drug use, the Ministry of Interior (MoI) and the Combined Security Transition Command - Afghanistan conducted drug testing on 136,000 police officers from January 1, 2009 to May 31, 2010, according to the NATO Training Mission - Afghanistan (NTM-A). Of those tested, 10,880 tested positive for some form of illicit substances; tetrahydrocannabinol (THC), the active substance in marijuana, was the most prevalent. Prompted by the results of the drug tests, MoI staff drafted a new drug and

# COUNTER-NARCOTICS

alcohol policy that outlines annual drug testing requirements for all police forces. According to NTM-A, the MoI legal department is reviewing the draft policy.<sup>400</sup>

The MoI also offers drug rehabilitation services for officers who suffer from drug dependency, according to NTM-A. In December 2009, the MoI transformed a building in West Kabul into a drug treatment center with the capacity to treat 126 inpatients. To tackle drug dependency, the Combined Training Advisory Group - Police is revising anti-drug programming; that programming will be implemented through basic training, according to NTM-A.<sup>401</sup>

The international community and the GIRoA are tackling the problem of demand for drugs in a number of ways, including training programs and regional and global projects. For example, the UN is supporting a series of training programs that will educate the local community on the harmful effects of narcotics, including the risk of HIV infection. The training programs will include information on outreach, the needle syringe program, and overdose management, among other topics.<sup>402</sup>

In April 2010, the UNODC released a document outlining the 20 active projects that support counter-narcotics efforts in Afghanistan; they are valued at approximately \$82 million. Funding is provided by more than 10 countries, including the United States, as well as by international organizations. Eight of the 20 projects support initiatives to reduce drug demand.<sup>403</sup> Table 3.11 identifies the eight drug demand reduction projects and their budgets.

TABLE 3.11

<b>REGIONAL AND INTERNATIONAL DRUG DEMAND REDUCTION PROJECTS</b>	
	<b>Budget (\$ Millions)</b>
<b>Regional Projects</b>	
Capacity Building for Drug Demand Reduction in Afghanistan	\$2.9
Drug Demand Reduction Information, Advice and Training Communities Living in Refugee Camps in Baluchistan Service for Afghan and NWFP, Pakistan	\$0.9
HIV/AIDS Prevention, Treatment and Care for Female Injecting Users and Female Prisoners in Afghanistan	\$1.1
Survey on Opiate Abuse in Afghanistan and Setting Up a Drug Abuse Information System	\$0.3
Sub-regional Project for the Provision of Comprehensive HIV Prevention and Care Services to Afghan Refugee Drug Users in Iran and Pakistan and Returnees in Afghanistan	\$1.9
<b>International Projects</b>	
Drug Abuse and HIV/AIDS Prevention	\$0.2
Partnership for Action on Comprehensive Treatment (PACT) - Treating Drug Dependence and its Health Consequences/OFID-UNODC Joint Program to Prevent HIV/AIDS through Treatment Phase II	\$0.9
The Paris Pact Initiative - A Partnership to Counter Traffic in and Consumption of Afghan Narcotics	\$0.2
<b>TOTAL</b>	<b>\$8.4</b>

Source: UNODC, "Programme in Afghanistan," 4/2010, p. 5.

## International Cooperation

The inability of Afghanistan to control its borders has led to an international drug trafficking problem which has affected countries around the world, according to the president of the International Narcotics Control Board (INCB).<sup>404</sup> Emphasizing the need for the international community to work together to combat this issue, the 2010 World Drug Report stated that the international community needed to incorporate drug supply and demand reduction initiatives and integrate national efforts into international strategies.<sup>405</sup>

In June 2010, the INCB hosted an international forum called “Drug Production in Afghanistan: A Challenge to the International Community.” At the forum, the president of the INCB appealed to attendees to “continue to enhance the effectiveness and sustainability of measures to curb poppy cultivation and to ensure that farming communities involved in illicit crop cultivation are provided with sustainable, legitimate livelihoods.”<sup>406</sup> In addition, the INCB identified development and law enforcement as the two most powerful tools for curtailing drug production in Afghanistan. The INCB emphasized the importance of bilateral and multilateral economic development institutions in helping Afghanistan establish an economic power base. These efforts will help Afghan farmers who have abandoned poppy cultivation to overcome poverty and the temptation to perpetrate violence.<sup>407</sup>

The INCB stressed that the international community needs to help prevent drug traffickers from colluding with anti-government groups to cause instability. Cooperation from the international community is a key element for success in this effort, according to the INCB.<sup>408</sup>

## Alternative Development Programming

SIGAR’s April 2010 quarterly report noted that the U.S. stabilization strategy emphasizes agriculture as the main reconstruction priority. Agriculture is the fastest means to create licit jobs, which in turn will slow the funding stream that poppy cultivation provides for the insurgency, according to DoS.<sup>409</sup> According to Ambassador Richard C. Holbrooke, nearly 100 U.S. government agricultural experts from the Department of Agriculture and the U.S. Agency for International Development (USAID) have been deployed to Afghanistan. They work in close coordination with GIRoA officials to help Afghanistan regain its former status as a regional leader in the export of high-value crops, such as melons, grapes, apples, and pomegranates.<sup>410</sup>

The UNODC and the World Food Program have partnered to curb the production of heroin in western Afghanistan, according to a UN announcement. The program is designed to rehabilitate an irrigation canal in the Kohsan district of Herat.<sup>411</sup> Kohsan is considered virtually poppy-free, but trafficking in drugs remains a significant issue. Villagers who are unable to find work in the district travel to Farah or Helmand to harvest poppies—they are paid approximately Af 500 (roughly \$11) per day. To counter the perceived need to travel to poppy-cultivating districts to earn income, the UN program pays villagers to clean out



**An Afghan man** sells a variety of melons at a local market. Nearly 100 U.S. agricultural experts are working to help develop licit alternatives to poppy, including high-value crops, such as fruits. (U.S. Embassy Kabul photo)

the irrigation canal, which has filled with sand over the past few years of drought and deforestation. The canal will serve as a lifeline for planting licit crops.<sup>412</sup>

## Capacity Development

This quarter, the U.S. and international community contributed to developing the capacity of the GIRoA to combat the drug trade in a number of ways. These contributions centered on the expansion of counter-narcotics facilities and enhancements to CNPA units.

### U.S. Efforts

This quarter, the U.S. government provided \$12.9 million to support construction of the new CNPA headquarters in Kabul; this amount will be augmented by \$3.9 million annually. According to DoS, this facility enables the CNPA to centralize all major counter-narcotics functions, which should improve coordination among all its units.<sup>413</sup>

On May 13, 2010, a ceremony was held to recognize the work of the MoI's Air Interdiction Unit (AIU). The AIU is a counter-narcotics aviation unit mentored by the U.S. Army that supports ground units with its fleet of 16 Mi-17

helicopters. Manned solely by Afghans, the AIU crews conduct regular training and operational missions in support of the MoI, the ANP, and other counter-narcotics forces around Afghanistan, according to the U.S. Air Force.<sup>414</sup> Over the past 12 months, the AIU had the following accomplishments:

- implementing the 2010/11 tashkil, enabling significant growth within the AIU
- issuing and using new equipment, vehicles, and uniforms provided by the U.K. government

According to the U.S. Air Force, these advances enable the AIU to provide stronger support to the ANP and the MoI.<sup>415</sup>

## International Efforts

The European Union and France funded an extension to the Counter-Narcotics Training Academy in Kabul, according to the International Organization for Migration (IOM). This addition more than doubled the facility's capacity from 200 to 440 students. The Academy trains the CNPA, which is tasked with eliminating illicit narcotics production, trafficking, and abuse.<sup>416</sup>

In June 2010, the UN Secretary-General reported that a train-the-trainer program had been completed at the Academy. As a result, Afghans assumed control of future training, and the MCN gave its first-ever briefing for the international community—an exercise set to recur on a regular basis.<sup>417</sup>

## CHALLENGES

As noted in SIGAR's April 2010 quarterly report, the new counter-narcotics strategy seeks to eliminate the revenue stream that the narcotics industry generates for the Taliban and its allies. The narcotics industry undermines licit economic development, erodes government legitimacy, and threatens stability and security in Afghanistan and across the region, according to INL.<sup>418</sup>

To counter the narcotics-insurgency nexus, the Combined Joint Interagency Task Force - Nexus was expanded this quarter to provide greater support to the military and law enforcement. According to DoD, this expansion will increase the pace of operations. In addition, DoD reported that the CNPA Development Unit developed 24 key proposals to strengthen its capacity. Four of the proposals have been prioritized, and implementation plans are under way.<sup>419</sup>

## DRUG ADDICTION IN AFGHANISTAN

On June 21, 2010, the UNODC, the MCN, and the Ministry of Public Health (MoPH) released the results of Afghanistan’s seventh national drug use survey, which was conducted with 2,614 drug users and 2,614 key informants. Almost one million Afghans use drugs—roughly 8% of the population ages 15 to 64. This figure is twice the average for the global drug-using population, and those surveyed see drug use as a worsening problem. In fact, the survey indicated that 50% of drug users in the northern and southern regions give opium to their children. This practice effectively condemns the younger generation to a life of addiction, according to the survey.<sup>420</sup> For more information on the growing problem of drug addiction in Afghanistan, see SIGAR’s April 2010 quarterly report.

### DRUG USE

The UNODC, the MCN, and the MoPH surveyed drug use among Afghan men, women, and children in various age categories. The survey showed that opium use occurs in every age and gender category.<sup>421</sup> The substances used most commonly within each age and gender category are shown in Table 3.12.

TABLE 3.12

MOST COMMONLY USED SUBSTANCES, BY AGE AND GENDER	
Age and Gender Category	Substances by Order of Use
Men (age 26 and older)	Cannabis, opium, and heroin
Women (age 26 and older)	Opium, tranquilizers, and opioids (painkillers)
Men (ages 16–25)	Cannabis, opium, and heroin
Women (ages 16–25)	Opium, cannabis, and heroin
Adolescents (ages 10–15)	Cannabis, opium, and heroin
Children (under 10 years old)	Opium, tranquilizers, and cannabis

Source: UNODC, “Drug Use in Afghanistan: 2009 Survey, Executive Summary,” 6/21/2010, p. 6.

According to the survey, a typical male Afghan drug user is a 28-year-old father of three who does not live with his wife. He lives with his extended family, is probably unemployed, has little to no education, and is poor. A typical female drug user is more than likely widowed or divorced, has little to no education, and is probably unemployed.<sup>422</sup>

### HEALTH RISKS

When drug users are unable to pay for drugs, they often exchange sexual favors to support their habit. Because of cultural constraints related to discussing this topic, only 6% of respondents admitted engaging in sexual intercourse to pay for drugs, as noted by the UNODC. Survey respondents reported never using or seldom using a condom. Of those surveyed, 3% tested positive for HIV; however, those who tested positive, as well as others who had heard of HIV did not know how it spreads or how to prevent its transmission.<sup>423</sup>

Injecting drugs increases exposure to HIV/AIDS and other bloodborne illnesses. According to the survey, approximately 87% of intravenous drug users reported sharing syringes with multiple people without cleaning the syringes properly or at all.<sup>424</sup>

### DRUG TREATMENT

The UNODC reported that 21 of Afghanistan’s 34 provinces have treatment centers—mainly residential and home-based treatment. These forms of treatment focus primarily on detoxification, residential rehabilitation, and aftercare, which is limited, according to the survey. Approximately 11% of respondents reported receiving treatment; 90% expressed their need for treatment. The UNODC, the MCN, and the MoPH emphasized establishing a range of accessible services and interventions, especially those aimed at community outreach, motivational interviewing, and treatment readiness.<sup>425</sup> The results of the survey show that drug use is increasing, and current treatment services are inadequate.<sup>426</sup>

**Educating girls**

Afghan schoolgirls receive school supplies from ANA soldiers in a tent in Dizak, Farah province. Many schools throughout the country continue to rely on makeshift structures. (U.S. Air Force photo, SSgt Nicholas Pilch)

# 4 OTHER AGENCY OVERSIGHT





## OTHER AGENCY OVERSIGHT

Each quarter, SIGAR requests updates from other agencies on completed and ongoing oversight activities. These agencies are performing oversight activities in Afghanistan and providing results to SIGAR:

- Department of Defense Office of Inspector General (DoD OIG)
- Department of State Office of Inspector General (DoS OIG)
- Government Accountability Office (GAO)
- U.S. Army Audit Agency (USAAA)
- U.S. Agency for International Development Office of Inspector General (USAID OIG)

The descriptions appear as they were submitted, with these changes for consistency with other sections of this report: acronyms and abbreviations in place of full names; standardized capitalization, hyphenation, and preferred spellings; and third-person instead of first-person construction.

### COMPLETED OVERSIGHT ACTIVITIES

Table 4.1 lists the 12 oversight projects related to reconstruction or security that the participating agencies reported were completed this quarter. This section includes all the descriptions that the agencies provided.

#### Department of Defense Office of Inspector General

##### Reinvestigation of Combat Action at Wanat Village, Afghanistan

(Report H10L111565072, Issued June 22, 2010)

DoD OIG reviewed the reinvestigation conducted by Lieutenant General Richard Natonski, U.S. Marine Corps, into the battle of Wanat, at the direction of General David Petraeus, Commander, U.S. Central Command. DoD OIG concluded that the reinvestigation sufficiently established the facts regarding the combat action at Wanat and reasonably assigned accountability by identifying those individuals whose acts or omissions could be characterized as dereliction in the performance of duties. It concluded that company, battalion, and brigade commanders were derelict in the performance of their duties through neglect or culpable inefficiency but determined that Division staff exercised due care in the matter.

# OTHER AGENCY OVERSIGHT

TABLE 4.1

RECENTLY COMPLETED OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF JUNE 30, 2010			
Agency	Report Number	Date Issued	Project Title
DoD OIG	H10L111565072	6/22/2010	Reinvestigation of Combat Action at Wanat Village, Afghanistan
DoD OIG	D-2010-062	5/24/2010	Controls Over Funds Appropriated for Assistance to Afghanistan and Iraq Processed Through the Foreign Military Sales Network
GAO	GAO-10-829T	6/29/2010	Warfighter Support: Cultural Change Needed To Improve How DoD Plans for and Manages Operational Contract Support
GAO	GAO-10-842T	6/25/2010	Warfighter Support: Preliminary Observations on DoD's Progress and Challenges in Distributing Supplies and Equipment to Afghanistan
GAO	GAO-10-655R	6/15/2010	Afghanistan Security: The Strategic Framework for U.S. Efforts in Afghanistan
GAO	GAO-10-613R	5/5/2010	Afghanistan's Security Environment
GAO	GAO-10-465	4/16/2010	Military Training: Actions Needed To Further Improve the Consistency of Combat Skills Training Provided to Army and Marine Corps Support Forces
GAO	GAO-10-357	4/12/2010	Contingency Contracting: Improvements Needed in Management of Contractors Supporting Contract and Grant Administration in Iraq and Afghanistan
USAAA	A-2010-0088-ALL	4/14/2010	Agreed-Upon Procedures Attestation To Evaluate Bulk Fuel Requests for Forward Operating Base Shank, Afghanistan (FOUO)
USAID OIG	5-306-10-002-O	6/24/2010	Review of USAID/Afghanistan's School and Health Clinic Buildings Completed Under the Schools and Clinics Construction and Refurbishment Program
USAID OIG	5-306-10-009-P	5/21/2010	Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan
USAID OIG	5-306-10-008-P	4/20/2010	Audit of USAID/Afghanistan's Vouchers for Increased Productive Agriculture (AVIPA) Program

Note: MERO = Middle East Regional Office. Sources: DoD OIG, response to SIGAR data call, 7/6/2010; DoS OIG-MERO, response to SIGAR data call, 7/6/2010; GAO, response to SIGAR data call, 7/8/2010; USAAA, response to SIGAR data call, 7/7/2010; USAID OIG, response to SIGAR data call, 7/6/2010.

## Controls Over Funds Appropriated for Assistance to Afghanistan and Iraq Processed Through the Foreign Military Sales Network

(Report No. D-2010-062, Issued May 24, 2010)

The Defense Security Cooperation Agency (DSCA) ensured that funds appropriated for assistance to Afghanistan and Iraq placed under its oversight were used for their intended purpose and were properly reported in the DoD Cost of War Report. However, improvements are necessary to ensure effective management of these appropriated funds. Specifically, \$6 million was not returned to DoD or the military departments before the funds' cancellation date and were not properly accounted for. In addition, \$31.6 million were not returned to Multi-National Security Transition Command-Iraq before the funds expired. Also, DSCA needs to fully review and determine the proper disposition of at least an additional \$25.7 million of expired unobligated funds held in the FMS Trust Fund.

## U.S. Army Audit Agency

### Agreed-Upon Procedures Attestation To Evaluate Bulk Fuel Requests for Forward Operating Base Shank, Afghanistan (FOUO)

(Report No. A-2010-0088-ALL, Issued April 14, 2010)

This report is protectively marked For Official Use Only (FOUO) Law Enforcement Sensitive. The International Contract Corruption Task Force, Bagram Airfield, Afghanistan requested this attestation review. Auditors reconciled initial bulk fuel

# OTHER AGENCY OVERSIGHT

requests with delivery records kept at the Forward Operating Base (FOB) Shank bulk fuel farm for the period 1 December 2009 through 18 February 2010. These reconciliations were made to determine the number of potential fraudulent bulk fuel requests and the respective amount of fuel losses.

## **U.S. Agency for International Development Office of Inspector General**

### **Review of USAID/Afghanistan's School and Health Clinic Buildings Completed Under the Schools and Clinics Construction and Refurbishment Program**

(Report No. 5-306-10-002-O, Issued June 24, 2010)

The final report was issued on June 24, 2010 (A.R. No. 5-306-10-002-O). The review was performed under contract to the OIG by KPMG Kabul. Per the contract, KPMG conducted site visits to a statistical sample of 50 buildings (30 schools and 20 clinics) of the 776 buildings completed under the program. The review had two objectives: to (1) determine whether the schools and clinics were being used for intended purposes and (2) to review the impact of the program on the provision of education and health services to the people of Afghanistan.

KPMG found only 2 cases in the sample of 50 where buildings were not being used for intended purposes. In one case a school was being used for educational administration as it could not accommodate the students living in the area; in the other case a clinic was abandoned because of a precarious security situation. With regard to program impact, KPMG found that the 30 schools were staffed with 1,385 teachers and were educating 57,744 students. The 20 health clinics employed 109 clinical staff and provided medical treatment to approximately 39,500 patients monthly. The report recommended that the mission consider requesting from the concerned ministries a list of facilities not being used for their intended purposes and make a determination if any adjustments are needed.

At the same time, KPMG noted numerous deficiencies with regard to the physical condition of the schools and clinics, including structural problems, poor hardware, and deficient water service and plumbing—as well as a widespread lack of maintenance. KPMG noted that these deficiencies in some cases created an environment not conducive to quality education and health services and might expose students, patients, and staff to unhealthy and even dangerous conditions. The report recommended that the mission evaluate these deficiencies and develop an action plan to correct those that are serious.

### **Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan**

(Report No. 5-306-10-009-P, Issued May 21, 2010)

The final audit report was issued on May 21, 2010 (A.R. No. 5-306-10-009-P). The audit determined that the mission received 149 “incident reports” between October 2006 and June 2009, 44 of which met the definition of a serious incident.

# OTHER AGENCY OVERSIGHT

However, these reports do not include all of the incidents that occurred because the mission has no standard provision in its agreements that requires reporting.

The audit also found the mission has not ensured that only responsible private security contractors (PSCs) are employed by its implementing partners. While the mission took some limited actions in this regard, 2 funded PSCs were not licensed with the Afghan government; subcontracting consent for 17 PSCs was not given; and the mission did not include a required contract clause to require various security measures. Also, the mission had no grant provision related to security, so about a third of awards with subcontracted security had no standard security requirements. However, even if the mission had properly addressed these matters, its efforts would not have been sufficient, because statutory and regulatory provisions intended to provide for the oversight of the qualifications and conduct of PSCs in Afghanistan had not been implemented through formal mission-wide instructions.

The audit also found that PSCs charged about \$167 million for security services. On average, these services accounted for 8.3% of award disbursements. However, the percentage of private security subcontracting costs to total disbursements varied widely. Percentages for security services could run approximately 8% to 10% for areas deemed relatively safe, but could rise to 20%, 30%, or even 50% in areas considered extremely dangerous.

The report recommended that USAID/Afghanistan's contracting officer request in writing that the Chief of Mission issue mission-wide instructions for non-DoD PSCs and their personnel to either (1) implement standards set forth by the geographic combatant commander or (2) instruct non-DoD PSCs and their personnel to follow the guidance and procedures developed by the geographic combatant commander and/or subordinate commander. Other recommendations addressed the need for USAID/Afghanistan's Director of Acquisitions and Assistance to issue written guidance regarding various security-related requirements.

## **Audit of USAID/Afghanistan's Vouchers for Increased Productive Agriculture (AVIPA) Program**

(Report No. 5-306-10-008-P, Issued April 20, 2010)

The final report was issued on April 20, 2010 (A.R. No. 5-306-10-008-P). The purpose of this audit was to determine if the \$360 million AVIPA program was achieving its main goals of increasing wheat production and carrying out agriculture-related stabilization activities. The program has two components: the distribution of wheat seed and fertilizer in Afghanistan's northern, western, and central provinces; and the implementation of a variety of agriculture-related stabilization activities in Afghanistan's southern provinces of Helmand and Kandahar, including cash-for-work projects and a small grants program.

The audit determined that the program, by providing thousands of small farmers with wheat seed and fertilizer, had contributed toward the country's increase in domestic wheat production. However, the extent to which the

# OTHER AGENCY OVERSIGHT

program played a role in this increase was unclear since the audit found that some of the reported results were not reliable and could not be fully validated in 57% of the cases reviewed due to irregularities found in the supporting records. These possible cases of fraud were referred to IG Investigations. In addition, while the program had initiated stabilization activities in Afghanistan's southern provinces (Helmand and Kandahar), the security situation there was preventing the program from being able to implement these activities as widely as planned, thereby limiting the program's ability to fully achieve its goal in this region. As a result, the audit determined that the implementing partner will not be able to spend the funds authorized by the program's termination date of August 31, 2010, and will likely end up with a surplus.

The report recommended that USAID/Afghanistan require its implementer to establish appropriate procedures and controls to strengthen its monitoring of the program and to detect irregularities. The implementer also needs to reassess the impact of the wheat seed distribution using a justifiable methodology. The report also recommended that the mission should determine the amount of surplus funds and reprogram them appropriately.

## ONGOING OVERSIGHT ACTIVITIES

As of June 30, 2010, the participating agencies reported 32 ongoing oversight activities related to reconstruction or security in Afghanistan. The activities reported are listed in Table 4.2. This section includes all the descriptions that the agencies provided.

### Department of Defense Office of Inspector General

DoD continues to face many challenges in executing its Overseas Contingency Operations (OCO), formerly known as "the Global War on Terror (GWOT)." DoD OIG has identified priorities based on those challenges and has responded by expanding its coverage of OCO operations and its presence in Southwest Asia. As DoD continues its OCO, to include Operation Enduring Freedom (OEF), it will stay focused on issues important to accomplish the mission and ensure the department makes efficient use of its resources to support the warfighter.

During the third quarter of FY 2010, DoD OIG continued to deploy additional auditors and investigators to Iraq and Afghanistan. The additional staff support the increased oversight workload required by statutory requirements, congressional requests, senior DoD and military officials requests, and the Department's drawdown efforts in Iraq and increased operational tempo in Afghanistan. Field offices in Qatar, Iraq, Kuwait, and Afghanistan enhance its ability to provide audit, inspection, and investigative support to DoD operations in support to OCO. In addition, DoD OIG is preparing to deploy additional personnel into Southwest Asia, including Afghanistan.

DoD OIG-led Southwest Asia Joint Planning Group coordinates and deconflicts federal and DoD OCO-related oversight activities. The Group held its 13th meeting in May 2010. During the May 2010 Southwest Asia Joint Planning

# OTHER AGENCY OVERSIGHT

TABLE 4.2

<b>ONGOING OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF JUNE 30, 2010</b>			
<b>Agency</b>	<b>Project Number</b>	<b>Date Initiated</b>	<b>Project Title</b>
DoD OIG	D2010-D000JO-0229.000	6/14/2010	Construction of the Detention Facility in Parwan, Afghanistan
DoD OIG	D2010-D000JB-0157.000	3/4/2010	Afghanistan National Army Equipment Maintenance Apprenticeship and Services Program Contract
DoD OIG	D2010-D000JA-0165.000	2/22/2010	Review of a U.S. Army Intelligence and Security Command Contract for Linguist Support
DoD OIG	D2010-D000JA-0138.000	2/18/2010	Information Operations in Afghanistan
DoD OIG	D2010-D000FL-0100.000	2/18/2010	Internal Controls Over the Disbursing Process for Commander's Emergency Response Program Payments Made to Support Operations in Afghanistan
DoD OIG	D2010-D000JA-0091.000	12/9/2009	Force Protection Programs for U.S. Forces in Afghanistan
DoD OIG	D2009-D000LC-0237.000	6/11/2009	Air Cargo Transportation Contracts in Support of Operation Iraqi Freedom and Operation Enduring Freedom
DoD OIG	D2008-D000CD-0256.000	8/7/2008	DoD Body Armor Contracts
DoS OIG-MERO	10-MERO-3004	2/2010	Review of the Bureau of Population, Refugees, and Migration (PRM) Program Effectiveness To Reintegrate and Resettle Afghan Refugees
DoS OIG-MERO	10-MERO-3002	2/2010	Review of the Department of State's Contract with PAE To Provide Operations and Maintenance to Embassy Kabul
DoS OIG-MERO	10-MERO-3001	2/2010	Review of the Department of State's Contract with PAE To Provide Operations and Maintenance to Afghan Counter-Narcotics Units in Afghanistan
DoS OIG-MERO	10-MERO-3007	2/2010	Kabul Embassy Security Force (KESF)
DoS OIG-MERO	10-MERO-3008	3/2010	Limited-Scope Review of Policies and Procedures for Vetting Foreign Service Nationals at Embassy Kabul in Afghanistan
GAO	351492	4/30/2010	Personnel, Equipment, and Supply Support for Operations in Afghanistan
GAO	320766	4/1/2010	Review of U.S. Civilian Surge in Afghanistan
GAO	351463	3/12/2010	Afghanistan ISR Capabilities
GAO	120874	11/12/2009	Annual Mandated Review of Contracting in Afghanistan and Iraq
GAO	351388	10/2/2009	Availability of Trained and Ready Forces To Support Military Operations in Iraq and Afghanistan
GAO	320712	9/2/2009	U.S. Efforts To Develop Capable Afghan National Army (ANA) Forces
GAO	351395	8/21/2009	Supply and Equipment Support for U.S. Military Operations in Afghanistan
GAO	351393	8/21/2009	DoD Health Care Requirements for Contingency Operations
GAO	351376	7/30/2009	Readiness of Air Force Combat and Expeditionary Combat Support Forces
GAO	351387	7/30/2009	Army and Marine Corps Training Capacity
GAO	320680	5/8/2009	Potable Water, Sanitation, and Crop Irrigation Projects in Afghanistan
GAO	320662	3/16/2009	USAID's Agricultural and Alternative Development Projects in Afghanistan
USAAA	A-2010-ALL-0480.000	Not provided	Agreed-Upon Procedures Attestation for USFOR-A LOGCAP Course of Action - Afghanistan
USAAA	A-2010-ALL-0103.000	2/22/2010	Controls Over Vendor Payments Phase II - Afghanistan
USAAA	A-2009-ALL-0531.000	5/19/2009	Commander's Emergency Response Program (CERP) - Afghanistan
USAAA	A-2009-ALL-0106.000	2/2/2009	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan—Jalalabad (Afghanistan)
USAAA	A-2008-ALL-0401.000	9/1/2008	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan—Kandahar and Salerno (Afghanistan)
USAID OIG	Not provided	Not provided	Audit of USAID/Afghanistan's Alternative Development Program Expansion, South West
USAID OIG	Not provided	Not provided	Review of Security Costs Charged to Three USAID Projects by Edinburgh International for the Period January 1 to December 31, 2009

Sources: DoD OIG, response to SIGAR data call, 7/6/2010; DoS OIG-MERO, response to SIGAR data call, 7/6/2010; GAO, response to SIGAR data call, 7/8/2010; USAAA, response to SIGAR data call, 7/7/2010; USAID OIG, response to SIGAR data call, 7/6/2010.

# OTHER AGENCY OVERSIGHT

Group, the Army Materiel Command briefed its Southwest Asia efforts, including supporting the shifting of forces in Southwest Asia. Through the Group, the members continue to coordinate, collaborate, and deconflict their respective and joint oversight efforts, including working with the Commission on Wartime Contracting and its respective mission.

For FY 2010, the completed and remaining ongoing OEF-related oversight addresses the safety of personnel with regard to construction efforts, force protection programs for U.S. personnel, accountability of property, contract administration, information operations, armoring capabilities, and acquisition planning and controls over funding for Afghan Security Forces.

## **Oversight Activities**

For the third quarter of FY 2010, DoD OIG had 34 ongoing oversight activities and issued 15 reports that support OEF. Of those 34 ongoing projects, 8 directly relate to reconstruction or security operations in Afghanistan and are incorporated in this quarterly report. Of the 15 issued reports, 2 directly relate to reconstruction or security operations in Afghanistan and are incorporated in this quarterly report.

### **Construction of the Detention Facility in Parwan, Afghanistan**

(Project No. D2010-D000JO-0229.000, Initiated June 14, 2010)

DoD OIG is determining whether the U.S. Army Corps of Engineers and U.S. Forces - Afghanistan procured construction services and administered the construction contract for the Detention Facility in Parwan, Afghanistan, in accordance with the Federal Acquisition Regulation and other applicable laws and regulations. Specifically, DoD OIG will determine whether the U.S. Army Corps of Engineers properly monitored contractor performance during construction of the Detention Facility in Parwan and whether the U.S. Army Corps of Engineers has taken or should take recourse against the contractor because of potential latent defects, negligence, or fraud.

### **Afghanistan National Army Equipment Maintenance Apprenticeship and Services Program Contract**

(Project No. D2010-D000JB-0157.000, Initiated March 4, 2010)

DoD OIG is determining whether adequate quality assurance and quality control procedures exist for the Afghanistan National Army Vehicle and Maintenance Contract. Specifically, DoD OIG will determine whether government contractual requirements have been met and adequate contract surveillance is being conducted. In addition, DoD OIG will determine whether the contractor requires additional warehouse space to effectively perform contractual tasks and whether the contractor submitted a fair and reasonable request for equitable adjustment for parts reimbursement.

# OTHER AGENCY OVERSIGHT

## **Review of a U.S. Army Intelligence and Security Command Contract for Linguist Support**

(Project No. D2010-D000JA-0165.000, Initiated February 22, 2010)

DoD OIG is determining whether a U.S. Army Intelligence and Security Command contract for linguist support in Afghanistan (W911W4-07-D-0010) included appropriate security provisions.

## **Information Operations in Afghanistan**

(Project No. D2010-D000JA-0138.000, Initiated February 18, 2010)

DoD OIG is evaluating the ability of U.S. Central Command and U.S. Forces - Afghanistan to conduct information operations in Afghanistan. Additionally, DoD OIG will assess the support provided by DoD organizations that enable those commands to conduct Information Operations.

## **Internal Controls Over the Disbursing Process for Commander's Emergency Response Program Payments Made to Support Operations in Afghanistan**

(Project No. D2010-D000FL-0100.000, Initiated February 18, 2010)

DoD OIG is determining whether the internal controls over the Commander's Emergency Response Program payments made to support operations in Afghanistan, and processed through DoD disbursing systems, are adequate. Specifically, it will determine whether the controls ensure the reliability of computer-processed payment data and whether the payments are proper and used for their intended purpose.

## **Force Protection Programs for U.S. Forces in Afghanistan**

(Project No. D2010-D000JA-0091.000, Initiated December 9, 2009)

DoD OIG is reviewing the force protection programs for primary gathering facilities and billeting areas of U.S. forces in Afghanistan. Specifically, it is assessing the program support and resources that commanders have for facility planning, antiterrorism, and safety programs protecting their forces. The audit is focusing on Bagram Airfield, Kandahar Airfield, Camp Eggers, and the New Kabul Compound.

## **Air Cargo Transportation Contracts in Support of Operation Iraqi Freedom and Operation Enduring Freedom**

(Project No. D2009-D000LC-0237.000, Initiated June 11, 2009)

DoD OIG is determining whether air cargo transportation contracts in support of Operation Iraqi Freedom (OIF) and OEF are administered in accordance with applicable federal and DoD regulations. Specifically, DoD OIG will determine whether the decision to use air transportation was justified, whether delivery orders were awarded in accordance with vendor selection criteria, and whether the cargo transported by air was delivered within required time frames.

## **DoD Body Armor Contracts**

(Project No. D2008-D000CD-0256.000, Initiated August 7, 2008)

DoD OIG is examining the contracts and contracting process for body armor and related test facilities. Specific objectives will include evaluating the background and qualifications of the contractors, the criteria for awarding the contracts, the quality assurance process, and any relationships that may exist between the contractors and government officials. The review of the quality assurance process will include reviewing the results of First Article Testing and Lot Acceptance Testing for the body armor contracts. DoD OIG issued Report No. D-2010-029, on December 21, 2009, discussing the contract award of DoD body armor contracts. DoD OIG plans to issue additional reports related to this project.

## **Department of State Office of Inspector General – Middle East Regional Office**

### **Oversight Activities**

#### **Review of the Bureau of Population, Refugees, and Migration (PRM) Program Effectiveness to Reintegrate and Resettle Afghan Refugees**

(Project No. 10-MERO-3004, Initiated February 2010)

Objectives: The objectives of this performance audit are to determine (1) the requirements and provisions of agreements with UNHCR, ICRC, and NGOs; (2) how assistance requirements were calculated; (3) whether assistance reached intended targets; (4) if program performance measures were established and achieved; and (5) the effectiveness of Embassy Kabul and Provincial Reconstruction Teams to manage and coordinate the humanitarian response in Afghanistan.

#### **Review of the Department of State's Contract with PAE to Provide Operations and Maintenance to Embassy Kabul**

(Project No. 10-MERO-3002, Initiated February 2010)

Objectives: The objectives of this performance audit are to determine (1) the requirements and provisions of the contract and task orders; (2) the amount of funding the Department has obligated and expended to provide embassy facility operations and maintenance through contracts for FY 2005–2009; (3) the effectiveness of PAE's contract performance in providing facility operations and maintenance to Embassy Kabul; (4) PAE's controls for inventorying, recording, and safeguarding U.S. government-furnished equipment and property in Afghanistan, whether the equipment has been properly accounted for, and the challenges to maintaining accountability; (5) how well the Department administers and manages the contract and task orders to provide oversight of PAE's performance in Afghanistan; (6) whether the contract includes FAR clause 52.222.50, which provides administrative remedies if, during the term of the

# OTHER AGENCY OVERSIGHT

contract, the contractor or subcontractor engage in severe forms of trafficking in persons; and (7) how the Department ensures that costs are properly allocated and supported.

## **Review of the Department of State's Contract with PAE to Provide Operations and Maintenance to Afghan Counternarcotics Units in Afghanistan**

(Project No. 10-MERO-3001, Initiated February 2010)

Objectives: The objectives of this performance audit are to determine (1) the requirements and provisions of the contract and task orders; (2) the amount of funding the Department has obligated and expended to provide embassy facility operations and maintenance through contracts for FY 2005–2009; (3) the effectiveness of PAE's contract performance in providing facility operations and maintenance to Afghan counternarcotics units in Afghanistan; (4) PAE's controls for inventorying, recording, and safeguarding U.S. government-furnished equipment and property in Afghanistan, whether the equipment has been properly accounted for, and the challenges to maintaining accountability; (5) how well the Department administers and manages the contract and task orders to provide oversight of PAE's performance in Afghanistan; (6) whether the contract includes FAR clause 52.222.50, which provides administrative remedies if, during the term of the contract, the contractor or subcontractor engage in severe forms of trafficking in persons; and (7) how the Department ensures that costs are properly allocated and supported.

## **Kabul Embassy Security Force (KESF)**

(Project No. 10-MERO-3007, Initiated February 2010)

Objectives: To provide an overall review and summary of the requirements and provisions of the Kabul Embassy Security Force contract. Specific objectives are (1) the requirements and provisions of the contract; (2) whether contract performance measures have been established and are being achieved; (3) how well the Department has administered the contract to provide proper oversight of Armor Group of North America in Kabul; (4) whether the contract is being effectively managed; (5) whether the contract includes FAR clause 52.222.50, which provides administrative remedies if, during the term of the contract, the contractor or subcontractor engage in severe forms of trafficking in persons; and (6) whether Armor Group of North America provides for a safe and adequate living environment for the guards and whether the Department provides proper oversight of the contract and task orders.

## **Limited-Scope Review of Policies and Procedures for Vetting Foreign Service Nationals at Embassy Kabul in Afghanistan**

(Project No. 10-MERO-3008, Initiated March 2010)

Objectives: The objectives of this performance audit are to (1) review the policy and procedures used by the Foreign Service National Investigators (FSN-I) in pre-employment personnel security vetting of Afghan locally engaged staff;

# OTHER AGENCY OVERSIGHT

(2) review foreign service national investigation files; (3) document investigation techniques used by FSN-I personnel to vet foreign service nationals prior to employment with the Embassy; and (4) determine the degree of family and friendship relationships of current Embassy staff.

## Government Accountability Office

During the last quarter, GAO testified twice before the Congress and released three reports pertaining to Afghanistan's security environment, training of U.S. forces, and contracting issues and a special publication on the Strategic Framework for U.S. efforts in Afghanistan.

- The first testimony was before the House of Representatives Committee on Oversight and Government Reform's Subcommittee on National Security and Foreign Affairs. It addressed changes needed to how DoD plans for and manages operational contract support. This testimony noted that while efforts have been made within the DoD and the individual services to improve the planning for and management of contractors, these efforts do not fully work toward integrating operational contract support throughout DoD and no systematic changes have been made. GAO recommended for DoD to consider how it currently uses contractors in contingency operations, how it will use contractors to support future operations, and the impact that providing management and oversight of these contractors has on the operational effectiveness of deployed units (GAO-10-829T).
- The second testimony was before the House of Representatives Committee on Appropriations' Subcommittee on Defense. It addressed DoD's progress and challenges in distributing equipment to Afghanistan. This testimony found that terrain, weather, lack of a railway, few roads, and limited airfield infrastructure hinder DoD's ability to distribute supplies. GAO identified the lack of full visibility over cargo movements, limited storage capacity at logistics hubs, difficulties in synchronizing the arrival of units and equipment, and poor delivery coordination with coalition partners as other challenges to equipment delivery and distribution (GAO-10-842T).
- GAO's report on Afghanistan's security environment found that DoD attack data as of March 2010 show that the pattern of enemy-initiated attacks in Afghanistan has remained seasonal in nature, generally peaking from June through September each year and then declining during the winter months. While attacks have continued to fluctuate seasonally, the annual attack peak (high point) and trough (low point) for each year since September 2005 have surpassed the peak and trough, respectively, for the preceding year. The lack of a secure environment has continued to challenge reconstruction and development efforts. Some specific effects of these security challenges are (1) delayed programs and increased costs, (2) hampered progress of some counter-narcotics operations; and (3) limited ability to conduct oversight of ongoing programs. The number of U.S. military personnel in Afghanistan is expected to increase. In addition to the ongoing expansion of the U.S.

# OTHER AGENCY OVERSIGHT

military presence in Afghanistan, the United States has also significantly increased its civilian presence in Afghanistan (GAO-10-613R).

- GAO's report on the training of U.S. forces noted that CENTCOM has issued a list of training tasks to be completed, in addition to the services' training requirements, before deploying to its area of operations. However, service members are not being trained on some required tasks prior to deploying and there is confusion over which forces the CENTCOM requirements apply to, the conditions under which the tasks are to be trained, and the standards for successfully completing the training. Both CENTCOM and the services lack complete information on the extent to which Army and Marine Corps support forces are completing required combat skills training. While the services have formal and informal means to facilitate the sharing of lessons learned information, trainers at the various training sites are not consistently sharing information about the changes they have made to their training programs (GAO-10-465).
- GAO's report on contracting issues noted that DoD, DoS, and USAID's use of contractors to help administer contracts and grants was substantial, although the agencies did not know the full extent of their use of such contractors. GAO found that the agencies generally cited the lack of sufficient government staff, the lack of in-house expertise, or frequent rotations of government personnel as key factors contributing to the need to use contractors. GAO also found that to mitigate risks associated with using contractors, agencies have to understand when, where, and how contractors should be used, but agencies' decisions were generally not guided by agency-wide workforce planning efforts. Additionally, GAO found that DoD, DoS, and USAID took actions to mitigate conflict of interest and oversight risks associated with contractors helping to administer other contracts or grants, but did not always fully address these risks. Lastly, GAO found that DoD, DoS, and USAID contracting officials generally did not ensure enhanced oversight as required for situations in which contractors provided services closely supporting inherently governmental functions despite the potential for loss of government control and accountability for mission-related policy and program decisions (GAO-10-357).
- GAO's special publication on the Strategic Framework for U.S. Efforts in Afghanistan describes the relevant strategies and plans that collectively guide U.S. activities and personnel in Afghanistan—the Afghan National Development Strategy, the U.S. Strategy for Afghanistan and Pakistan, and the Afghanistan and Pakistan Regional Stabilization Strategy. The framework also includes U.S. plans: the OEF Campaign plan, the National Security Council Strategic Implementation Plan, and the U.S. Integrated Civilian-Military Campaign Plan (ICMCP). The ICMCP describes three lines of effort—security, governance, and development—to be implemented by U.S. civilian and military personnel. Finally, the North Atlantic Treaty

# OTHER AGENCY OVERSIGHT

Organization (NATO) plans include the NATO Comprehensive Strategic Political Military Plan, and the operational plans for NATO and for NATO's subordinate command—the International Security Assistance Force (ISAF) (GAO-10-655R).

In addition, GAO began two new engagements focusing on how DoD is supplying operations in Afghanistan within established timelines, and a review of the U.S. civilian surge in Afghanistan.

## U.S. Army Audit Agency

### Oversight Activities

#### **Agreed-Upon Procedures Attestation for USFOR-A LOGCAP Course of Action-Afghanistan**

(Project Code A-2010-ALL-0480.000, Initiated 3Q FY10)

This attestation is being performed in Afghanistan. It will determine if the corrective actions presented in the USFOR-A LOGCAP course of action decision brief were implemented and provide assurance that requirements were processed through the appropriate review board.

#### **Controls Over Vendor Payments Phase II – Afghanistan**

(Project Code A-2010-ALL-0103.000, Initiated February 22, 2010)

This audit will determine if the Army has effective controls to ensure the accuracy of vendor payments for contingency operations in Southwest Asia (Afghanistan).

#### **Commander's Emergency Response Program (CERP)-Afghanistan**

(Project Code A-2009-ALL-0531.000, Initiated May 19, 2009)

This audit will determine if the CERP in Afghanistan had sufficient internal controls in place to ensure commanders and unit personnel implemented the program properly.

#### **Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan—Jalalabad (Afghanistan)**

(Project Code A-2009-ALL-0106.000, Initiated February 2, 2009)

This audit will determine if goods and services acquired under the contract were properly justified, awarded, and administered.

# OTHER AGENCY OVERSIGHT

## **Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan—Kandahar and Salerno (Afghanistan)**

(Project Code A-2008-ALL-0401.000, Initiated September 1, 2008)

This audit will determine if goods and services acquired under contract were properly justified, awarded, and administered.

## **U.S. Agency for International Development Office of Inspector General**

### **Oversight Activities**

During this quarter USAID OIG conducted a Quality Control Review (QCR) on work done for the office by a public accounting firm in Afghanistan and issued a report on that review. The review found that their work was generally performed in accordance with applicable standards and OIG guidelines. Also during this quarter, five financial audits were being planned, were in process, or were in the draft report phase. These Afghanistan financial audits are being performed for USAID and the USAID/OIG by DCAA and a public accounting firm.

### **Audit of USAID/Afghanistan's Alternative Development Program Expansion, South West**

Objective: Determine if USAID/Afghanistan's Alternative Development Program Expansion, South and West, is achieving its main goal of counteracting illicit poppy cultivation by providing alternative development programs and improved economic opportunities in selected southern and western provinces.

### **Review of Security Costs Charged to Three USAID Projects by Edinburgh International for the Period January 1 to December 31, 2009**

Objective: Determine if there an indication that Edinburgh International misused USAID funds to pay the Taliban or others in exchange for protection.

## **OTHER AGENCY INVESTIGATIONS**

SIGAR regularly coordinates with other government agencies conducting investigations in Afghanistan to monitor the progress of those investigations. As of June 30, 2010, five open cases were being investigated by DoS OIG Investigations (DoS OIG-INV). Table 4.3 lists the number of open and closed investigations as of June 30, 2010.

TABLE 4.3

<b>INVESTIGATIVE ACTIVITIES: OTHER AGENCY INVESTIGATIONS</b>			
<b>Agency</b>	<b>Open Cases</b>	<b>Closed Cases</b>	<b>Total Cases</b>
DoS OIG-INV	5	0	5
<b>Total</b>	<b>5</b>	<b>0</b>	<b>5</b>

Source: DoS OIG-INV, response to SIGAR data call, 7/6/2010.

# OTHER AGENCY OVERSIGHT

## OTHER AGENCY INSPECTIONS

SIGAR also coordinates with other agencies that are conducting inspections in Afghanistan. During the past quarter, DoS OIG-ISP had one ongoing inspection, listed in Table 4.4.

TABLE 4.4

ONGOING INSPECTION ACTIVITIES: OTHER AGENCY INSPECTIONS				
Agency	Project Number	Date Initiated	Project Title	Objective
DoS OIG-ISP	09-ISP-3051	9/2009	Kabul Embassy Inspection	To evaluate the Embassy's implementation of policy, management of resources, adequacy of management controls, and measures to protect people, information, and facilities.

Source: DoS OIG-ISP, response to SIGAR data call, 7/6/2010.

**The Official Seal of SIGAR**

The Official Seal of SIGAR represents the coordination of efforts between the United States and Afghanistan to provide accountability and oversight of reconstruction activities. The phrase along the top side of the seal's center is in Dari and, translated into English, means "SIGAR." The phrase along the bottom side of the seal's center is in Pashtu and, when translated into English, has the same meaning.

# APPENDICES AND ENDNOTES



## APPENDIX A – CROSS-REFERENCE OF REPORT TO STATUTORY REQUIREMENTS

This appendix cross-references the pages of this report to the quarterly reporting and related requirements under SIGAR’s enabling legislation, the National Defense Authorization Act for Fiscal Year 2008, P.L. No. 110-181, § 1229 (Table A.1).

TABLE A.1

<b>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Section</b>
<b>Supervision</b>			
Section 1229(e)(1)	The Inspector General shall report directly to, and be under the general supervision of, the Secretary of State and the Secretary of Defense	Report to the Secretary of State and the Secretary of Defense	All sections
<b>Duties</b>			
Section 1229(f)(1)	OVERSIGHT OF AFGHANISTAN RECONSTRUCTION.— It shall be the duty of the Inspector General to conduct, supervise, and coordinate audits and investigations of the treatment, handling, and expenditure of amounts appropriated or otherwise made available for the reconstruction of Afghanistan, and of the programs, operations, and contracts carried out utilizing such funds, including—	Review appropriated/ available funds  Review programs, operations, contracts using appropriated/ available funds	All sections
Section 1229(f)(1)(A)	The oversight and accounting of the obligation and expenditure of such funds	Review obligations and expenditures of appropriated/available funds	SIGAR Oversight  Funding
Section 1229(f)(1)(B)	The monitoring and review of reconstruction activities funded by such funds	Review reconstruction activities funded by appropriations and donations	SIGAR Oversight
Section 1229(f)(1)(C)	The monitoring and review of contracts funded by such funds	Review contracts using appropriated and available funds	Note 1
Section 1229(f)(1)(D)	The monitoring and review of the transfer of such funds and associated information between and among departments, agencies, and entities of the United States, and private and nongovernmental entities	Review internal and external transfers of appropriated/available funds	Appendix B
Section 1229(f)(1)(E)	The maintenance of records on the use of such funds to facilitate future audits and investigations of the use of such fund[s]	Maintain audit records	SIGAR Oversight Appendix C Appendix D

# APPENDICES

TABLE A.1 (CONTINUED)

<b>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Section</b>
Section 1229(f)(1)(F)	The monitoring and review of the effectiveness of United States coordination with the Governments of Afghanistan and other donor countries in the implementation of the Afghanistan Compact and the Afghanistan National Development Strategy	Monitoring and review as described	Audits
Section 1229(f)(1)(G)	The investigation of overpayments such as duplicate payments or duplicate billing and any potential unethical or illegal actions of Federal employees, contractors, or affiliated entities, and the referral of such reports, as necessary, to the Department of Justice to ensure further investigations, prosecutions, recovery of further funds, or other remedies.	Conduct and reporting of investigations as described	Investigations
Section 1229(f)(2)	<b>OTHER DUTIES RELATED TO OVERSIGHT.—</b> 0 The Inspector General shall establish, maintain, and oversee such systems, procedures, and controls as the Inspector General considers appropriate to discharge the duties under paragraph (1)	Establish, maintain, and oversee systems, procedures, and controls	All sections
Section 1229(f)(3)	<b>DUTIES AND RESPONSIBILITIES UNDER INSPECTOR GENERAL ACT OF 1978.—</b> In addition, . . . the Inspector General shall also have the duties and responsibilities of inspectors general under the Inspector General Act of 1978	Duties as specified in Inspector General Act	All sections
Section 1229(f)(4)	<b>COORDINATION OF EFFORTS.—</b> The Inspector General shall coordinate with, and receive the cooperation of, each of the following: (A) the Inspector General of the Department of Defense, (B) the Inspector General of the Department of State, and (C) the Inspector General of the United States Agency for International Development	Coordination with the inspectors general of DoD, DoS, and USAID	Other Agency Oversight
<b>Federal Support and Other Resources</b>			
Section 1229(h)(5)(A)	<b>ASSISTANCE FROM FEDERAL AGENCIES.—</b> Upon request of the Inspector General for information or assistance from any department, agency, or other entity of the Federal Government, the head of such entity shall, insofar as is practicable and not in contravention of any existing law, furnish such information or assistance to the Inspector General, or an authorized designee	Expect support as requested	All sections

# APPENDICES

TABLE A.1 (CONTINUED)

<b>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Section</b>
Section 1229(h)(5)(B)	REPORTING OF REFUSED ASSISTANCE.— Whenever information or assistance requested by the Inspector General is, in the judgment of the Inspector General, unreasonably refused or not provided, the Inspector General shall report the circumstances to the Secretary of State or the Secretary of Defense, as appropriate, and to the appropriate congressional committees without delay.	Expect support as requested	All sections
<b>Reports</b>			
Section 1229(i)(1)	QUARTERLY REPORTS.— Not later than 30 days after the end of each fiscal-year quarter, the Inspector General shall submit to the appropriate committees of Congress a report summarizing, for the period of that quarter and, to the extent possible, the period from the end of such quarter to the time of the submission of the report, the activities during such period of the Inspector General and the activities under programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. Each report shall include, for the period covered by such report, a detailed statement of all obligations, expenditures, and revenues associated with reconstruction and rehabilitation activities in Afghanistan, including the following –	Report – 30 days after the end of each calendar quarter  Summarize activities of the inspector general  Detailed statement of all obligations, expenditures, and revenues	All sections Appendix B
Section 1229(i)(1)(A)	Obligations and expenditures of appropriated/ donated funds	Obligations and expenditures of appropriated/ donated funds	Appendix B
Section 1229(i)(1)(B)	A project-by-project and program-by-program accounting of the costs incurred to date for the reconstruction of Afghanistan, together with the estimate of the Department of Defense, the Department of State, and the United States Agency for International Development, as applicable, of the costs to complete each project and each program	Project-by-project and program-by-program accounting of costs. List unexpended funds for each project or program	Funding Note 1
Section 1229(i)(1)(C)	Revenues attributable to or consisting of funds provided by foreign nations or international organizations to programs and projects funded by any department or agency of the United States Government, and any obligations or expenditures of such revenues	Revenues, obligations, and expenditures of donor funds	Funding
Section 1229(i)(1)(D)	Revenues attributable to or consisting of foreign assets seized or frozen that contribute to programs and projects funded by any U.S. government department or agency, and any obligations or expenditures of such revenues	Revenues, obligations, and expenditures of funds from seized or frozen assets	Funding

# APPENDICES

TABLE A.1 (CONTINUED)

## CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229

Public Law Section	SIGAR Enabling Language	SIGAR Action	Section
Section 1229(i)(1)(E)	Operating expenses of agencies or entities receiving amounts appropriated or otherwise made available for the reconstruction of Afghanistan	Operating expenses of agencies or any organization receiving appropriated funds	Funding Appendix B
Section 1229(i)(1)(F)	In the case of any contract, grant, agreement, or other funding mechanism described in paragraph (2)* – (i) The amount of the contract or other funding mechanism; (ii) A brief discussion of the scope of the contract or other funding mechanism; (iii) A discussion of how the department or agency of the United States Government involved in the contract, grant, agreement, or other funding mechanism identified and solicited offers from potential contractors to perform the contract, grant, agreement, or other funding mechanism, together with a list of the potential individuals or entities that were issued solicitations for the offers; and (iv) The justification and approval documents on which was based the determination to use procedures other than procedures that provide for full and open competition	Describe contract details	Note 1
Section 1229(i)(3)	<b>PUBLIC AVAILABILITY.</b> – The Inspector General shall publish on a publically-available Internet website each report under paragraph (1) of this subsection in English and other languages that the Inspector General determines are widely used and understood in Afghanistan	Publish report as directed	www.sigar.mil Dari and Pashtu in process
Section 1229(i)(4)	<b>FORM.</b> – Each report required under this subsection shall be submitted in unclassified form, but may include a classified annex if the Inspector General considers it necessary	Publish report as directed	All sections

Note 1: Although this data is normally made available on SIGAR's Web site, (www.sigar.mil), the data SIGAR has received is in relatively raw form and is currently being reviewed, analyzed, and organized for all future SIGAR purposes.

\* Covered "contracts, grants, agreements, and funding mechanisms" are defined in paragraph (2) of Section 1229(i) of P.L. No. 110-181 as being—

"any major contract, grant, agreement, or other funding mechanism that is entered into by any department or agency of the United States Government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan with any public or private sector entity for any of the following purposes:

To build or rebuild physical infrastructure of Afghanistan.  
To establish or reestablish a political or societal institution of Afghanistan.  
To provide products or services to the people of Afghanistan."

# APPENDICES

## APPENDIX B

### U.S. GOVERNMENT APPROPRIATED FUNDS (\$ MILLIONS)

Table B.1 lists appropriated funds by program, per year, for Afghanistan reconstruction efforts.

TABLE B.1

U.S. FUNDING SOURCES	AGENCY	TOTAL
<b>SECURITY</b>		
Afghanistan Security Forces Fund (ASFF)	DoD	25,229.24
Train & Equip (DoD)	DoD	440.00
Foreign Military Financing (FMF)	DoS	1,058.50
International Military Education and Training (IMET)	DoS	8.30
NDA Section 1207 Transfer	Other	9.90
<b>Total: Security</b>		<b>26,745.94</b>
<b>GOVERNANCE &amp; DEVELOPMENT</b>		
Commander's Emergency Response Program (CERP)	DoD	2,639.00
Economic Support Fund (ESF)	USAID	9,738.59
Development Assistance (DA)	USAID	887.22
Afghanistan Freedom Support Act (AFSA)	DoD	550.00
Child Survival & Health (CSH + GHAI)	USAID	486.42
Commodity Credit Corp (CCC)	USAID	25.87
Freedom Support Act (FSA)	USAID	5.00
USAID (other)	USAID	31.37
Non-Proliferation, Antiterrorism, Demining, & Related (NADR)	DoS	371.60
Provincial Reconstruction Team Advisors	USDA	5.70
Treasury Technical Assistance	Treasury	3.52
<b>Total: Governance &amp; Development</b>		<b>14,744.29</b>
<b>COUNTER-NARCOTICS</b>		
International Narcotics Control & Law Enforcement (INCLE)	DoS	2,684.75
Drug Interdiction & Counter-Drug Activities, (DoD CN)	DoD	1,425.27
Drug Enforcement Administration (DEA)	DoJ	127.37
<b>Total: Counter-narcotics</b>		<b>4,237.39</b>
<b>HUMANITARIAN</b>		
P.L. 480 Title I	USDA	5.00
P.L. 480 Title II	USAID	701.21
International Disaster Assistance (IDA)	USAID	346.33
Transition Initiatives (TI)	USAID	33.86
Migration and Refugee Assistance (MRA)	DoS	594.83
Voluntary Peacekeeping (PKO)	DoS	69.30
Emergency Refugee & Migration Assistance (ERMA)	DoS	25.20
Food for Progress	USDA	109.49
416(b) Food Aid	USDA	95.18
Food for Education	USDA	50.49
Emerson Trust	USDA	22.40
<b>Total: Humanitarian</b>		<b>2,053.29</b>
<b>INTERNATIONAL AFFAIRS OPERATIONS</b>		
Oversight		76.20
Other		3,644.70
<b>Total: International Affairs Operations</b>		<b>3,720.90</b>
<b>TOTAL FUNDING</b>		<b>51,501.81</b>

Notes: Numbers affected by rounding. USAID data is as of 3/31/2010, because updates were unavailable at the time this report went to press.  
a. Multiple agencies include DoJ, DoS, USAID, Treasury, and USDA.

Sources: DoD, responses to SIGAR data call 7/14/2010, 7/13/2010, 10/14/2009, and 10/1/2009; FY 2010 Defense Explanatory Statement; DoS, responses to SIGAR data call, 7/13/2010 and 7/12/2010; Treasury, response to SIGAR data call, 7/13/2010; OMB, response to SIGAR data call, 4/19/2010; USAID, responses to SIGAR data call, 1/15/2010, 1/8/2010, and 10/9/2009; DoJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009.

# APPENDICES

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
	0.00	0.00	0.00	995.00	1,908.13	7,406.40	2,750.00	5,606.94	6,562.77
	0.00	0.00	150.00	290.00	0.00	0.00	0.00	0.00	0.00
	57.00	191.00	413.70	396.80	0.00	0.00	0.00	0.00	0.00
	0.20	0.30	0.60	0.80	0.80	1.10	1.60	1.40	1.50
	0.00	0.00	0.00	0.00	0.00	0.00	9.90	0.00	0.00
	<b>57.20</b>	<b>191.30</b>	<b>564.30</b>	<b>1,682.60</b>	<b>1,908.93</b>	<b>7,407.50</b>	<b>2,761.50</b>	<b>5,608.34</b>	<b>6,564.27</b>
	0.00	0.00	40.00	136.00	215.00	209.00	488.33	550.67	1,000.00
	117.51	239.29	893.89	1,278.97	473.39	1,210.71	1,399.51	2,088.32	2,037.00
	18.30	42.54	153.14	169.58	187.02	166.81	149.43	0.40	0.00
	0.00	165.00	135.00	250.00	0.00	0.00	0.00	0.00	0.00
	7.52	49.68	33.40	38.00	41.45	100.77	63.07	58.23	94.30
	7.30	1.33	0.00	0.00	0.00	0.00	13.02	4.22	0.00
	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.50	5.00	0.00	0.00	0.00	22.32	3.55	0.00
	44.00	34.70	66.90	38.20	18.20	36.60	26.60	48.60	57.80
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.70	0.00
	0.00	1.00	0.06	0.95	0.19	0.13	0.75	0.44	0.00
	<b>194.63</b>	<b>534.04</b>	<b>1,332.39</b>	<b>1,911.70</b>	<b>935.25</b>	<b>1,724.02</b>	<b>2,163.03</b>	<b>2,760.13</b>	<b>3,189.10</b>
	60.00	0.00	220.00	709.28	232.65	251.74	307.08	484.00	420.00
	0.00	0.00	71.80	224.54	108.05	290.97	189.64	230.06	310.21
	0.58	2.87	3.72	16.77	23.66	20.38	40.59	18.80	0.00
	<b>60.58</b>	<b>2.87</b>	<b>295.52</b>	<b>950.59</b>	<b>364.36</b>	<b>563.09</b>	<b>537.31</b>	<b>732.86</b>	<b>730.21</b>
	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	159.50	46.10	49.20	56.60	60.00	60.00	177.00	65.41	27.40
	197.09	86.67	11.16	4.24	0.04	0.03	17.01	27.29	2.80
	8.07	11.69	11.22	1.60	0.00	0.00	0.00	0.87	0.41
	135.47	61.50	63.30	47.10	36.00	53.80	44.25	76.79	76.62
	23.90	9.90	20.00	15.50	0.00	0.00	0.00	0.00	0.00
	25.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.00
	0.00	4.96	9.08	30.10	23.24	9.47	20.55	12.09	0.00
	46.46	14.14	34.58	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	9.27	6.12	10.02	25.08	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	22.40	0.00	0.00
	<b>595.49</b>	<b>249.23</b>	<b>204.66</b>	<b>165.16</b>	<b>144.36</b>	<b>123.30</b>	<b>281.21</b>	<b>182.65</b>	<b>107.23</b>
	0.00	0.00	0.00	0.00	0.00	2.50	14.30	25.90	33.50
	155.60	35.30	207.60	136.10	131.90	207.80	434.40	1,047.60	1,288.40
	<b>155.60</b>	<b>35.30</b>	<b>207.60</b>	<b>136.10</b>	<b>131.90</b>	<b>210.30</b>	<b>448.70</b>	<b>1,073.50</b>	<b>1,321.90</b>
	<b>1,063.50</b>	<b>1,012.74</b>	<b>2,604.47</b>	<b>4,846.15</b>	<b>3,484.80</b>	<b>10,028.21</b>	<b>6,191.75</b>	<b>10,357.48</b>	<b>11,912.71</b>

## APPENDIX C SIGAR AUDITS

### Completed Audits

SIGAR completed four audits as of July 30, 2010, as listed in Table C.1.

TABLE C.1

<b>COMPLETED SIGAR AUDITS, APRIL 1–JULY 30, 2010</b>		
<b>Report Identifier</b>	<b>Report Title</b>	<b>Date Issued</b>
SIGAR-Audit-10-14	ANA Garrison at Farah Appeared Well Built Overall, but Some Construction Issues Should Be Addressed	7/30/2010
SIGAR-Audit-10-13	Greater Coordination Needed in Meeting Congressional Directives To Address and Report on the Needs of Afghan Women and Girls	7/30/2010
SIGAR-Audit-10-12	ANP Compound at Kandahar Generally Met Contract Terms but Has Project Planning, Oversight, and Sustainability Issues	7/22/2010
SIGAR-Audit-10-11	Actions Needed To Improve the Reliability of Afghan Security Force Assessments	6/29/2010

### New Audits

SIGAR initiated five new audits this quarter, as listed in Table C.2.

TABLE C.2

<b>NEW SIGAR AUDITS, APRIL 1–JULY 30, 2010</b>		
<b>Audit Identifier</b>	<b>Project Title</b>	<b>Date Initiated</b>
SIGAR-030A	Review of Selected CERP Projects in Afghanistan	7/2010
SIGAR-029A	Review of USAID's Cooperative Agreement with CARE International for the Food Insecurity Response for Urban Populations of Kabul (FIRUP-K) Program	7/2010
SIGAR-028A	Planning for ANSF Facilities	7/2010
SIGAR-025A	Review of U.S. Air Force Center for Engineering and the Environment Infrastructure Projects in Herat and in Mazar-e Sharif	5/2010
SIGAR-024A	Review of Construction Projects for Six ANP Facilities in Helmand and Kandahar	5/2010

## Ongoing Audits

SIGAR has 10 audits in progress, as listed in Table C.3.

TABLE C.3

<b>ONGOING SIGAR AUDITS, APRIL 1–JULY 30, 2010</b>		
<b>Audit Identifier</b>	<b>Project Title</b>	<b>Date Initiated</b>
SIGAR-013A	Review of Afghan National Police (ANP) Personnel Management	6/2010
SIGAR-008A	Review of U.S. Efforts To Improve the Accountability and Anti-Corruption Capabilities and Performance of the Nangarhar Provincial Government	5/2010
SIGAR-023A	Review of Afghanistan's National Solidarity Program	4/2010
SIGAR-021A	Review of the Implementation of the Civilian Uplift in Support of the U.S. Reconstruction Effort in Afghanistan	4/2010
SIGAR-020A	Review of Salary Support Provided by U.S. Government Agencies to Afghan Government Officials	1/2010
SIGAR-018A	Identification of Major Vendors for Reconstruction Contracts in Afghanistan	12/2009
SIGAR-017A	Contract Audit: Reconstruction Security Support Services from Global Strategies Group, Inc.	11/2009
SIGAR-009A	Review of U.S. Agencies' Use of Contractors To Provide Security for Reconstruction Programs in Afghanistan	7/2009
SIGAR-007A	U.S. and International Efforts To Build the Afghan Government's Capacity To Fight Corruption	6/2009
SIGAR-006A	Review of U.S. Assistance for the Preparation and Conduct of Presidential and Provincial Council Elections in Afghanistan	3/2009

## Forensic Audits

SIGAR is conducting three forensic audits, including two announced this quarter, as listed in Table C.4.

TABLE C.4

<b>SIGAR FORENSIC AUDITS, APRIL 1–JULY 30, 2010</b>		
<b>Audit Identifier</b>	<b>Project Title</b>	<b>Date Initiated</b>
SIGAR-027A	Forensic Review of Department of State Transaction Data Related to Afghanistan Reconstruction	6/2010
SIGAR-026A	Forensic Review of U.S. Agency for International Development Transaction Data Related to Afghanistan Reconstruction	6/2010
SIGAR-022A	Forensic Review of Afghanistan Security Forces Fund Transaction Data	2/2010

## APPENDIX D SIGAR INVESTIGATIONS AND HOTLINE

FIGURE D.1

### SIGAR INVESTIGATIONS: OPEN CASES, APRIL 1-JUNE 30, 2010



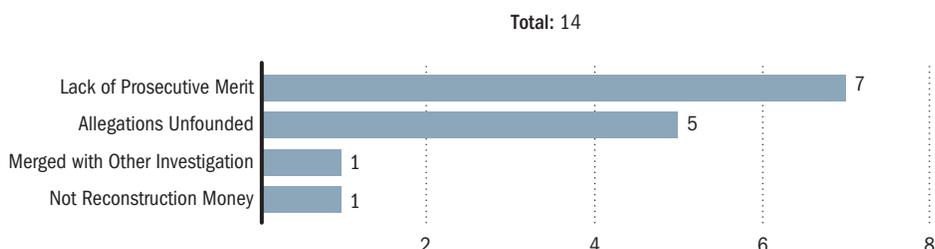
Source: SIGAR Investigations Directorate, 7/19/2010.

### SIGAR Investigations

This quarter, SIGAR opened 26 new investigations and closed 14. The number of open investigations is now 55. Of those open investigations, most involved contract fraud and corruption, as shown in Figure D.1. Of the 14 closed investigations, most lacked prosecutive merit, or the allegations were unfounded, as shown in Figure D.2.

FIGURE D.2

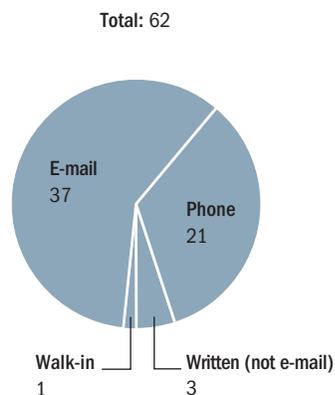
### SIGAR INVESTIGATIONS: CLOSED CASES, APRIL 1-JUNE 30, 2010



Source: SIGAR Investigations Directorate, 7/19/2010.

FIGURE D.3

### SOURCE OF SIGAR HOTLINE COMPLAINTS, APRIL 1-JUNE 30, 2010



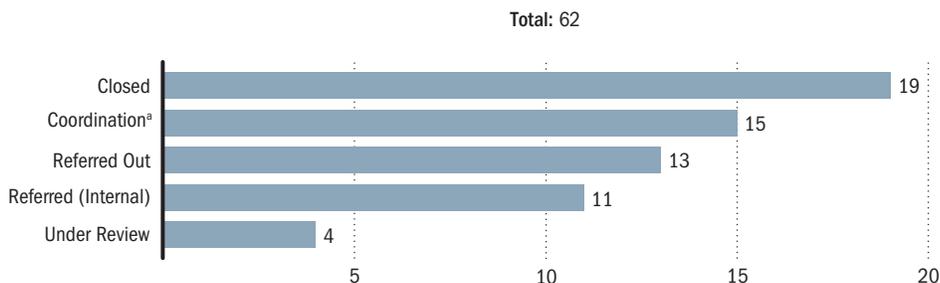
Source: SIGAR Investigations Directorate, 7/14/2010.

### SIGAR Hotline

Of the 62 Hotline complaints received last quarter, most were received by email or telephone, as shown in Figure D.3. Of these complaints, many are closed, under coordination, or referred to other agencies, as shown in Figure D.4.

FIGURE D.4

### STATUS OF SIGAR HOTLINE COMPLAINTS: APRIL 1-JUNE 30, 2010



a. Case has been reviewed, and SIGAR is obtaining additional information.

Source: SIGAR Investigations Directorate, 7/14/2010.

## APPENDIX E ABBREVIATIONS AND ACRONYMS

<b>ACRONYM OR ABBREVIATION</b>	<b>DEFINITION</b>
ABP	Afghan Border Police
ADT	Agribusiness Development Team
AED	Afghanistan Engineering District
AEIC	Afghan Electricity Information Center
AGS	Afghan Geological Survey
AIHRC	Afghanistan Independent Human Rights Commission
AIT	Afghan International Trucking
AIU	Air Interdiction Unit
ANA	Afghan National Army
ANCOP	Afghan National Civil Order Police
ANDS	Afghanistan National Development Strategy
ANP	Afghan National Police
ANSF	Afghan National Security Forces
APAP	Afghanistan Parliamentary Assistance Program
ARTF	Afghanistan Reconstruction Trust Fund
ASFF	Afghanistan Security Forces Fund
ATT	Afghan Trade Transportation
AUP	Afghan Uniformed Police
AVIPA	Afghanistan Vouchers for Increased Productive Agriculture
CAO	Control and Audit Office (Afghan)
CBD	Community-Based De-mining
CENTCOM	Central Command (U.S.)
CERP	Commander's Emergency Response Program
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CIPE	Center for International Private Enterprise
CM	Capability Milestone
CNPA	Counter-Narcotics Police - Afghanistan
CPC	Criminal Procedure Code
CPD	Central Prison Directorate (Afghan)
CRS	Congressional Research Service
CSSP	Correctional System Support Program
CSTC-A	Combined Security Transition Command - Afghanistan
CUAT	Commander's Unit Assessment Tool
DEA	Drug Enforcement Administration (U.S.)
DoD	Department of Defense (U.S.)
DoD CN	Department of Defense Counternarcotics (U.S.)

# APPENDICES

<b>ACRONYM OR ABBREVIATION</b>	<b>DEFINITION</b>
DoS	Department of State (U.S.)
DST	District Support Team
ESF	Economic Support Fund
EUPOL	European Union Police Mission
FAR	Federal Acquisition Regulation
FAS	Foreign Agricultural Service (U.S.)
FIRUP-K	Food Insecurity Response for Urban Populations of Kabul
FMS	Foreign Military Sales
FPDD	Focused Police District Development
FY	fiscal year
FY 2010 Consolidated Appropriations Act	FY 2010 Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act
FY 2010 DoD Appropriations Act	FY 2010 Department of Defense Appropriations Act
GAO	Government Accountability Office (U.S.)
GDP	gross domestic product
GIROA	Government of the Islamic Republic of Afghanistan
Global	Global Strategies Group
HCMS	Hotline and Complaints Management System (SIGAR)
HF	high frequency
HIG	Hezb-e Islami Gulbuddin
HMMWV	high-mobility, multi-purpose wheeled vehicle
HOO	High Office of Oversight for Anti-Corruption (Afghan)
HQN	Haqqani Network
ICCTF	International Contract Corruption Task Force
ICE	Inter-Ministerial Commission for Energy (Afghan)
IEC	Independent Election Commission (Afghan)
IED	improvised explosive device
IFES	International Foundation for Electoral Systems
IJC	ISAF Joint Command
IMF	International Monetary Fund
INCB	International Narcotics Control Board
INCLE	International Narcotics Control and Law Enforcement (U.S)
INL	Bureau of International Narcotics and Law Enforcement Affairs
IOM	International Organization for Migration
ISAF	International Security Assistance Force
ISW	Institute for the Study of War
IWA	Integrity Watch Afghanistan
JRAC	Joint Regional ANSF Compound
LOTFA	Law and Order Trust Fund for Afghanistan
MCIT	Ministry of Communications and Information Technology (Afghan)

# APPENDICES

<b>ACRONYM OR ABBREVIATION</b>	<b>DEFINITION</b>
<b>MCN</b>	Ministry of Counter-Narcotics (Afghan)
<b>MoD</b>	Ministry of Defense (Afghan)
<b>MoE</b>	Ministry of Education (Afghan)
<b>MoF</b>	Ministry of Finance (Afghan)
<b>Mol</b>	Ministry of Interior (Afghan)
<b>MoJ</b>	Ministry of Justice (Afghan)
<b>MoPH</b>	Ministry of Public Health (Afghan)
<b>NCO</b>	noncommissioned officer
<b>NGO</b>	nongovernmental organization
<b>NSP</b>	National Solidarity Program
<b>NTM-A</b>	NATO Training Mission - Afghanistan
<b>O&amp;M</b>	operations and maintenance
<b>OMB</b>	Office of Management and Budget (U.S.)
<b>OMLT</b>	Operational Mentor and Liaison Team
<b>OSD</b>	Office of the Secretary of Defense (U.S.)
<b>PACT</b>	Partnership for Action on Comprehensive Treatment
<b>PM/WRA</b>	Bureau of Political-Military Affairs - Office of Weapons Removal and Abatement (U.S.)
<b>PRT</b>	Provincial Reconstruction Team
<b>QST</b>	Quetta Shura Taliban
<b>RC</b>	Regional Command (ISAF)
<b>RC Window</b>	Recurrent Cost Window
<b>SIGAR</b>	Special Inspector General for Afghanistan Reconstruction
<b>TFBSO</b>	Task Force on Business and Stability Operations in Afghanistan
<b>U.K.</b>	United Kingdom (adj.)
<b>U.S.</b>	United States (adj.)
<b>UN</b>	United Nations
<b>UNDP</b>	UN Development Programme
<b>UNHCR</b>	UN High Commissioner for Refugees
<b>UNODC</b>	UN Office on Drugs and Crime
<b>USACE</b>	U.S. Army Corps of Engineers
<b>USAID</b>	U.S. Agency for International Development
<b>USAID OIG</b>	USAID Office of Inspector General
<b>USFOR-A</b>	U.S. Forces - Afghanistan
<b>USGS</b>	U.S. Geological Survey
<b>USTDA</b>	U.S. Trade and Development Agency
<b>VHF</b>	very high frequency

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*An Afghan musician plays the rubab at the Anab Gull Poetry Festival in Farah in May. A rubab is a lute-like instrument typically made from the trunk of a mulberry tree and animal skin. During the festival, male and female poets of all ages recited their poems to an audience of coalition forces, provincial leaders, and Afghans from the 10 districts of Farah. The festival was the first of its kind in two years. (U.S. Air Force photo, SrA Rylan K. Albright)*

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