Cover Captions (clockwise from left):
Commando Radio-Kabul’s first woman disc jockey speaks to listeners during a radio broadcast at Camp Morehead, Afghanistan. Funded by the United States, the station provides information on Commando operations. It is operated by Afghans who have graduated from a U.S. training program. (U.S. Army photo, SFC Marcus Quarterman)

Afghan quality assurance representatives visit a waste treatment plant under construction in Kabul province, as part of a U.S. Army Corps of Engineers training session. As of July 2010, the United States had provided $250 million to rebuild Afghanistan’s water sector. (USAF photo, SSgt Stacey Haga)

School is in session at the Nad-e Ali Central School in Helmand province. In 2010, U.S. programs provided 21.5 million textbooks to students throughout Afghanistan. By the end of 2011, the United States plans to provide $25 million for primary school textbooks alone. (RAF photo, SAC Neil Chapman)

A weaver in Jalalabad continues the ancient tradition as he works on a charpoy, a versatile daybed common throughout Afghanistan, Pakistan, and India. One key focus of the U.S. reconstruction program is to encourage the growth of local industry. (photo by Aimal Azem)

Young musicians perform at the first winter music academy of the Afghan National Music Institute. The Institute was founded to revive the musical tradition in Afghanistan; under the Taliban, music was banned. The Institute is supported by contributions from the United States and the donor community. (U.S. Embassy Kabul photo)

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.

SIGAR RESULTS TO DATE

AUDITS
- 36 completed audit reports, addressing more than $16 billion in reconstruction spending
- $190 million in U.S. reconstruction funds put to better use
- 3 forensic audits currently analyzing more than $37 billion of reconstruction contract data

INVESTIGATIONS
- 105 ongoing investigations, 62 of allegations of procurement/contract fraud
- 4 convictions and more than $6 million in repayments to the U.S. government
- 464 Hotline complaints received and addressed

OPERATIONS
- Work conducted in 22 of Afghanistan’s 34 provinces
January 30, 2011

I am pleased to submit SIGAR’s tenth quarterly report to the Congress on the U.S. reconstruction effort in Afghanistan. This report covers SIGAR’s oversight activities and the status of reconstruction programs in Afghanistan, for the reporting period ending January 30, 2011.

This quarter, SIGAR issued two audit reports, initiated five new audits, and completed its mandated contract audit plan. We learned that our 2009 audit on Commander’s Emergency Response Program (CERP) accountability contributed to the decision by U.S. Forces - Afghanistan (USFOR-A) to return $190 million of FY 2009 CERP funds to the Army to be put to better use. In collaboration with Afghan investigators, SIGAR participated in negotiations that resulted in two companies repaying $22 million in wages to 4,000 Afghans and $11 million in taxes to the Afghan government. Other joint investigations led to $500,000 in cost savings, the recovery of $532,000 in stolen U.S. equipment, the arrest of a contractor for bribery, and the proposed debarment of two companies. SIGAR opened 35 new investigations, bringing the number of ongoing investigations to 105, 80% of which concern contract/procurement fraud and corruption.

Over the last two years, SIGAR has grown steadily. We now have 122 full-time professionals working in six locations: one in the United States and five in Afghanistan. Our auditors and investigators have conducted oversight work in 22 of Afghanistan’s 34 provinces. We have produced 36 audit reports and made more than 100 recommendations, many of which have had a significant impact on aspects of the reconstruction effort. One of our auditors received an award from the Council of Inspectors General on Integrity and Efficiency for his anti-corruption work.

I will be leaving SIGAR in early February, knowing that this organization will provide the effective oversight that is critical to protecting the more than $56 billion U.S. investment in Afghanistan from waste, fraud, and abuse. It has been an honor to serve two Presidents of the United States. It has also been my privilege to work with SIGAR’s excellent staff, with my colleagues in the inspector general community, with our oversight committees in the Congress, and with so many Afghans who are dedicated to rebuilding their country.

Very Respectfully,

Arnold Fields
Special Inspector General for Afghanistan Reconstruction
SIGAR ACTIVITIES, Q1 2011

SIGAR audits this quarter found that critical reconstruction programs are at risk because of poor planning, insufficient oversight, and the inability of the Afghan authorities to sustain them. These audits examined Department of Defense (DoD) plans to build and sustain facilities for the Afghan National Security Forces (ANSF) and 69 projects funded through the Commander’s Emergency Response Program (CERP) in Laghman province.

SIGAR’s continuing collaboration with Afghan law enforcement entities, including the Afghan Shafafiyat Investigative Unit (ASIU), is beginning to produce results. At the request of the ASIU, SIGAR participated in negotiations with two companies that agreed to pay $22 million of unpaid wages for 4,000 Afghan workers and $11 million in unpaid taxes to the Government of the Islamic Republic of Afghanistan (GIRoA). SIGAR also participated in joint investigations that led to $500,000 in cost savings, the recovery of $532,000 in stolen U.S. equipment, the arrest of one contractor for bribery, and the proposed debarment of two individuals and two companies.

In addition to the 2 audit reports, SIGAR initiated 5 new audits, bringing the total number of ongoing audits to 16. SIGAR continues to conduct forensic reviews of $37.65 billion of transaction data related to three funds used for Afghanistan reconstruction: the Afghanistan Security Forces Fund, the Economic Support Fund, and the International Control and Law Enforcement Fund.

SIGAR also completed a comprehensive plan to conduct audits of contracts, subcontracts, task orders, and delivery orders of reconstruction activities in Afghanistan, as required by law. SIGAR’s FY 2011 audit plan expands the scope of its contract audit work and emphasizes identifying opportunities to put reconstruction funds to better use.

Funds Put to Better Use

This quarter, SIGAR learned that its September 2009 audit on CERP contributed to the decision by the U.S. Forces - Afghanistan (USFOR-A) to return $190 million of 2009 CERP funds to the Army. SIGAR’s audit found that DoD had not established adequate mechanisms to monitor and execute CERP funds. According to USFOR-A officials, SIGAR’s report and other reports prompted USFOR-A to review CERP use in Afghanistan and to reallocate the funds.

SIGAR AUDITS

During this reporting period, SIGAR published two audits:

- Inadequate Planning for ANSF Facilities Increases Risks for $11.4 Billion Program (SIGAR Audit 11-6)
- Commander’s Emergency Response Program in Laghman Province Provided Some Benefits, but Oversight Weaknesses and Sustainment Concerns Led to Questionable Outcomes and Potential Waste (SIGAR Audit 11-7)

Lack of Planning for ANSF Facilities

SIGAR’s audit of U.S. planning for ANSF facilities found that the Combined Security Transition Command - Afghanistan (CSTC-A) intends to spend $11.4 billion through FY 2012 to build nearly 900 facilities across Afghanistan to support the ANSF. At the end of 2010, the ANSF had a combined strength of about 265,000 personnel. The international community and the GIRoA plan to increase this number to 305,600 for FY 2011.

Despite this considerable outlay of funds and the large number of facilities involved, SIGAR found that CSTC-A had not developed a long-term construction plan. The lack of such a plan puts the facilities program at risk of not meeting ANSF strategic and operational needs.
EXECUTIVE SUMMARY

In addition to paying for the construction of ANSF bases, garrisons, police stations, and training centers, CSTC-A may provide up to $800 million for operations and maintenance on these facilities over the next five years, according to the audit. CSTC-A does not have a long-term maintenance plan that links requirements to long-term construction plans.

CERP Projects in Laghman Province at Risk
SIGAR found that 27 of the 69 CERP projects it examined in Laghman province were at risk or have questionable outcomes. The 27 projects at risk accounted for about $49 million, or 92% of the $53 million in obligations that SIGAR reviewed. Most of this CERP investment in Laghman was used for large projects, such as construction of asphalt roads and new facilities. The asphalt road projects, valued at about $44.6 million, are at risk because the Afghan provincial authorities do not have the resources to operate and maintain them.

In addition, SIGAR found that USFOR-A lacks a coordinated, results-oriented approach to determine whether CERP projects have achieved their goals, are being used as intended, and are being sustained. Without adequate oversight and assessments of results, the Afghan people may not receive the projects’ intended benefits, and the U.S. investment is at risk of waste.

Audit Plans
In FY 2011, SIGAR is continuing to concentrate its audit work in three high-priority areas: contract management and oversight, efforts to build the ANSF, and anti-corruption programs. It will also continue to conduct audits of development assistance and programs to build Afghan governing capacity.

As mandated by the Congress, SIGAR has submitted a separate plan for its performance audits of contracts and other financial mechanisms. About one-third of SIGAR’s audits this year will target contractor performance and agency oversight for contracted services to build the ANSF, develop the Afghan economy, and improve Afghan governing capacity. SIGAR is also conducting audits of private security contractors that provide security for reconstruction projects.

New Audits
Since SIGAR’s last report to the Congress, it has initiated five new audits:
- audit of four U.S. Agency for International Development (USAID) and U.S. Department of State (DoS) programs in one selected province
- audit of USAID contracts in support of its Local Governance and Community Development projects
- audit of U.S. Air Force Center for Engineering and the Environment (AFCEE) contracts for infrastructure projects at the Kabul Military Training Center
- audit of AFCEE contracts for construction projects and related work at the Afghan Defense University
- audit of the use and accountability of U.S. and other donor funds contributed to the Afghanistan Reconstruction Trust Fund

SIGAR INVESTIGATIONS
Since SIGAR’s last quarterly report to the Congress, its investigators opened 35 new cases, bringing the total number of ongoing cases to 105. Approximately 86% of SIGAR’s cases focus on contract/procurement fraud and corruption, and 14% on other criminal allegations, such as theft. The SIGAR Hotline received 131 complaints—slightly more than received last quarter.

LOOKING FORWARD
Throughout this year, SIGAR auditors and investigators will remain focused on detecting and deterring waste, fraud, and abuse of U.S. reconstruction dollars. SIGAR will also be assessing the degree to which U.S. taxpayer dollars are supporting sustainable programs that are helping the United States achieve its reconstruction objectives.
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Building Civil Aviation Infrastructure
A mason ensures that bricks are lined up properly while building a wall at Mazar-e Sharif International Airport in December 2010. Five international airports are currently under construction in Afghanistan, funded by the U.S. government and its international partners. (U.S. Army photo, SGT Michael Reinsch, IJC Public Affairs)
1 SIGAR OVERSIGHT
“Through its audit and investigative work over the last 18 months, SIGAR has identified six broad issues putting the U.S. investment in Afghan reconstruction at risk of being wasted or subject to fraud and abuse...: inadequate contract and program management, need to work in greater partnership with the people of the country we are trying to rebuild, measuring outputs rather than outcomes, inability to curb corruption, insufficient local capacity to manage and sustain projects, and lack of security.”

—Maj. Gen. Arnold Fields (Ret.)
Special Inspector General for Afghanistan Reconstruction

This quarter, SIGAR issued 2 audit reports and announced 5 new audits, bringing the total number of ongoing audits to 16. SIGAR continues to conduct forensic reviews of $37.65 billion of transaction data related to three funds used for Afghanistan reconstruction: the Afghanistan Security Forces Fund (ASFF), Economic Support Fund (ESF), and International Control and Law Enforcement Fund (INCLE). In addition, SIGAR completed a comprehensive plan to conduct audits of contracts, subcontracts, and task and delivery orders of reconstruction activities in Afghanistan, as required by law.

Since SIGAR’s last quarterly report to the Congress, its investigators opened 35 new cases. SIGAR is now conducting 105 ongoing investigations. This quarter, the SIGAR Hotline received 131 complaints—a slight increase since last quarter. SIGAR also participated in joint investigations that resulted in the payment of $22 million in unpaid wages to Afghan workers and $11 million in unpaid taxes to the GIRoA, $500,000 in cost savings, the recovery of stolen equipment, the arrest of one contractor for bribery, and the proposed debarment of two individuals and two companies.

$190 MILLION OF CERP FUNDS PUT TO BETTER USE
This quarter, SIGAR learned that its September 2009 audit on DoD’s ability to account the Commander’s Emergency Response Program (CERP) funds contributed to the decision by the U.S. Forces - Afghanistan (USFOR-A) to return $190 million of 2009 CERP funds to the U.S. Army, which administers the program. SIGAR’s audit, “Increased Visibility, Monitoring, and Planning Needed for Commander’s Emergency Response Program in Afghanistan,” found that the Department of Defense (DoD) had not established adequate mechanisms to monitor and administer CERP funds. Other oversight agencies, including the U.S. Army Audit Agency, have also raised concerns about the use of CERP funds. According to USFOR-A officials in Afghanistan, SIGAR’s report, along with other reports, prompted USFOR-A to review CERP use in Afghanistan. This review resulted in the decision to reallocate the funds.
SIGAR completed two audits this quarter and also submitted to the Congress its “Plan for Performance Audits of Contracts and Other Financial Mechanisms to Meet the Requirements of P.L. 110-181, Section 842 (a) (3).” This plan is described in a quarterly highlight in this section. Table 1.1 lists the audits.

This quarter, SIGAR initiated five new audits:

- a review of four U.S. Agency for International Development (USAID) and U.S. Department of State (DoS) programs in one selected province
- an audit of USAID contracts in support of its Local Governance and Community Development projects
- an audit of the U.S. Air Force Center for Engineering and the Environment (AFCEE) contracts for infrastructure projects at the Kabul Military Training Center
- an audit of AFCEE contracts for construction projects and related work at the Afghan Defense University
- an audit of the use and accountability of U.S. and other donor funds contributed to the Afghanistan Reconstruction Trust Fund (ARTF)

For details on SIGAR's new audits, see “New Audits Announced this Quarter,” later in this section.

SIGAR's FY 2011 audit plan expands the scope of its contract audit work and emphasizes identifying opportunities to put reconstruction funds to better use. As SIGAR's ongoing forensic reviews reveal transaction anomalies, SIGAR's Audit and Investigations directorates will coordinate efforts to address specific concerns about fraud, waste, and abuse.

SIGAR continues to concentrate its audit work in three high-priority areas: contract management and oversight, efforts to build the Afghan National Security Forces (ANSF), and anti-corruption programs. In addition, SIGAR will continue to conduct audits of development assistance and programs to build Afghanistan's governing capacity.

Using a risk-based approach to prioritizing its work, SIGAR has established seven main criteria to identify projects and programs to audit:

<table>
<thead>
<tr>
<th>Report Identifier</th>
<th>Report Title</th>
<th>Date Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGAR-Audit-11-7</td>
<td>Commander's Emergency Response Program in Laghman Province Provided Some Benefits, but Oversight Weaknesses and Sustainment Concerns Led to Questionable Outcomes and Potential Waste</td>
<td>1/2011</td>
</tr>
<tr>
<td>SIGAR-Audit-11-6</td>
<td>Inadequate Planning for ANSF Facilities Increases Risks for $11.4 Billion Program</td>
<td>1/2011</td>
</tr>
</tbody>
</table>
• the amount and magnitude of U.S. funding to known risk environments
• indications of specific risks and vulnerabilities, especially related to large contracts, procurements, and programs
• the opportunities to realize financial benefits to the U.S. taxpayer, given anticipated outcomes and deliverables
• the information provided by SIGAR’s oversight committees, U.S. agencies, U.S. Embassy Kabul, and the Government of the Islamic Republic of Afghanistan (GIRoA)
• the relevance to the U.S. strategy and goals in Afghanistan
• the security issues affecting the feasibility of conducting work
• the activities of other oversight agencies

Completed Audit Reports
SIGAR issued two audit reports this quarter—one focusing on the funding and planning of facilities construction for the ANSF and one focusing on the status of projects funded by CERP and the effectiveness of U.S. oversight of these projects.

Audit 11-6: Security/ANSF Facilities Planning
Inadequate Planning for ANSF Facilities Increases Risks for $11.4 Billion Program
From fiscal years 2005 to 2010, the Congress appropriated about $28 billion for the ASFF. Under the command of USFOR-A, the Combined Security Transition Command-Afghanistan (CSTC-A) uses this funding to equip, train, base, and sustain the ANSF. The ANSF includes the Afghan National Army (ANA) and Afghan National Police (ANP). Total ANSF personnel were to reach 243,000 in October 2010; more recent plans suggest this number may increase to 400,000 by October 31, 2013. As a result, additional facilities and infrastructure are needed.

In previous audits of construction contracts for ANA garrisons in Kunduz, Gamberi, and Farah, SIGAR attempted to determine how the contract requirements were developed. However, CSTC-A was unable to document the U.S. plans and justification for the number and types of ANA facilities, including documents delineating the size, location, and use of the garrisons. As SIGAR noted, such planning documents are critical for CSTC-A to ensure that, as requirements change, plans can be adapted as needed, resources can be prioritized and used to achieve strategic goals, and potential waste can be minimized.

OBJECTIVES
This audit had the following objectives:
• Determine the U.S. funding provided or planned to be provided for the construction of ANSF facilities.
• Assess CSTC-A’s overall planning for the construction and maintenance of ANSF facilities.
MANDATED CONTRACT AUDIT PLAN

The National Defense Authorization Act (NDAA) of 2008 (P.L. 110-181) requires that SIGAR develop a comprehensive plan for a series of audits of contracts, subcontracts, task orders, and delivery orders relating to the performance of security and reconstruction functions in Afghanistan. During this reporting period, SIGAR submitted to Congress its “Plan for Performance Audits of Contracts and Other Financial Mechanisms To Meet the Requirements of P.L. 110-181, Section 842 (a) (3).”

About one-third of SIGAR’s audits this year will target contractor performance and agency oversight for contracted services to realize financial benefits to the U.S. taxpayer. SIGAR is also conducting audits of private security contractors that provide security for reconstruction projects.

Each planned audit will address one or more of the seven issues in Section 842 (h) of P.L. 110-181:

- the manner in which contract requirements were developed and contracts or task and delivery orders were awarded
- the manner in which federal agencies exercised control over the performance of contractors
- the extent to which operational field commanders were able to coordinate or direct the performance of contractors in an area of combat operations
- the degree to which contractor employees were properly screened, selected, trained, and equipped for the functions to be performed
- the nature and extent of any incidents of misconduct or unlawful activity by contractor employees
- the nature and extent of any activity by contractor employees that was inconsistent with the objectives of operational field commanders
- the extent to which any incidents of misconduct or unlawful activity were reported, documented, investigated, and (where appropriate) prosecuted

Most of the $56 million that has been appropriated for the reconstruction of Afghanistan has been divided among five major U.S. funds. The Department of Defense (DoD) administers three of these funds—the Afghan Security Forces Fund, the Commander’s Emergency Response Program, and the DoD Drug Interdiction and Counter-Drug Activities fund. The U.S. Agency for International Development (USAID) administers the Economic Support Fund, and the Department of State (DoS) manages the International Narcotics Control and Law Enforcement account. (For more information, see “Status of Funds” in Section 3.)

CONTRACT AWARD/MANAGEMENT ENTITIES

U.S. implementing agencies use multiple organizations to award and manage contracts. Four DoD organizations manage reconstruction contracts to train, equip, base, and sustain the ANSF: U.S. Central Command (CENTCOM) Joint Theater Support Contract Command (C-JTSCC), the U.S. Army Corps of Engineers (USACE)-Afghanistan Engineer District (AED), the Air Force Center for Engineering and Environment (AFCEE), and the U.S. Army Space and Missile Defense Command (SMDC).

C-JTSCC manages contracts for U.S. Forces - Afghanistan (USFOR-A) subcommands, including most contracts for the Combined Security Transition Command - Afghanistan (CSTC-A). CSTC-A distributes and manages all U.S.-provided funding to support the development of the ANSF. USACE and AFCEE manage construction contracts for CSTC-A’s infrastructure projects for the ANSF. SMDC manages contracts for DoD’s Counter-Narcoterrorism Technology Office. In addition to providing aviation support for Afghanistan’s counter-narcotics office, SMDC contracts are used to construct facilities on the Afghan border to intercept narcotics shipments.

USAID’s Mission in Kabul enters into and manages contracts, cooperative agreements, and grants to support economic development and promote good governance. USAID’s Afghanistan-Pakistan Task Force in Washington, D.C., reports data on contracts, cooperative agreements, and grants. It also provides administrative support for USAID’s Mission in Kabul.

The DoS Office of Acquisitions and Management (AQM) enters into contracts on behalf of DoS and is responsible for department-wide oversight for contracts. In addition, two DoS bureaus—the Bureau
of International Narcotics and Law Enforcement Affairs and the Bureau of Population, Refugees, and Migration—are managing reconstruction contracts.

SIGAR’s audits of selected contractors funded by DoD, USAID, and DoS will assess the process for awarding contracts; whether projects are being completed within the terms of the contracts; and the extent to which agencies are implementing effective oversight to prevent waste, fraud, and abuse.

**CONTRACT OVERSIGHT FOR 2011**

A SIGAR audit issued last quarter found that DoD, DoS, and USAID had obligated more than $17.7 billion to nearly 7,000 contractors and other entities during FY 2007–2009. SIGAR is using this audit to help prioritize its work. Table 1.2 shows the 20 recipients of the largest obligations of reconstruction funding from FY 2007 through FY 2009 and identifies the contracting authority responsible for administering the contract.

During this reporting period, SIGAR announced three new audits of contracts awarded to companies on this list. AFCEE awarded three task orders, valued at $70.5 million, to AMEC Earth and Environment for construction at the Kabul Military Training Center. AFCEE also awarded a Phase III $75 million task order to ECC International, LLC for the Kabul Military Training Center. AFCEE has awarded a cost-plus-fixed-fee task order, currently valued at $83 million, to AMEC Earth and Environment under an indefinite-delivery/indefinite-quantity contract for construction at the Afghan Defense University. USAID awarded a $232 million contract for local governance and community development to Development Alternatives, Inc.

SIGAR has two ongoing audits of DoD and USAID reconstruction contracts. One is assessing two AFCEE task orders for infrastructure projects:

- a $23.2 million project in Mazar-e Sharif by CH2M Hill Constructors, Inc.
- a $19.0 million project in Herat by AMEC Earth and Environment, Inc.

The other audit is examining USAID’s $60 million cooperative agreement with CARE International.

In response to growing concern in the Congress and in Afghanistan over the unprecedented use of private security contractors (PSCs), SIGAR has developed a robust plan to assess the management and oversight of PSCs and their performance in Afghanistan. This plan includes contract audits and audits to identify potential systemic problems. In an ongoing audit, SIGAR is assessing the performance and oversight of a $93 million contract between USAE and Global Strategies Group for security support services.

### TABLE 1.2

<table>
<thead>
<tr>
<th>Rank</th>
<th>Recipient</th>
<th>Awarding Entity</th>
<th>Value ($ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DynCorp International</td>
<td>INL, USACE</td>
<td>1,988</td>
</tr>
<tr>
<td>2</td>
<td>Louis Berger International, Inc.</td>
<td>USAID</td>
<td>736</td>
</tr>
<tr>
<td>3</td>
<td>Kabuljan Construction Company</td>
<td>C-JTSCC</td>
<td>691</td>
</tr>
<tr>
<td>4</td>
<td>Red Sea Construction Company</td>
<td>C-JTSCC</td>
<td>478</td>
</tr>
<tr>
<td>5</td>
<td>KBY &amp; Bordemir Joint Venture</td>
<td>C-JTSCC</td>
<td>452</td>
</tr>
<tr>
<td>6</td>
<td>International Relief and Development</td>
<td>USAID</td>
<td>392</td>
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<tr>
<td>7</td>
<td>Contrack International, Inc.</td>
<td>USACE</td>
<td>366</td>
</tr>
<tr>
<td>8</td>
<td>PAE Government Systems</td>
<td>INL</td>
<td>349</td>
</tr>
<tr>
<td>9</td>
<td>Development Alternatives, Inc.</td>
<td>USAID</td>
<td>331</td>
</tr>
<tr>
<td>10</td>
<td>World Bank</td>
<td>USAID</td>
<td>322</td>
</tr>
<tr>
<td>11</td>
<td>FCEC United Infrastructure Projects JV</td>
<td>USACE</td>
<td>321</td>
</tr>
<tr>
<td>12</td>
<td>Lockheed Martin Integrated Systems, Inc.</td>
<td>SMDC</td>
<td>320</td>
</tr>
<tr>
<td>13</td>
<td>Technologists, Inc.</td>
<td>USAID</td>
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</tr>
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<td>14</td>
<td>United Nations</td>
<td>USAID</td>
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<td>15</td>
<td>Chemonics International, Inc.</td>
<td>USAID</td>
<td>230</td>
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<td>16</td>
<td>U.S. Training Center</td>
<td>SMDC</td>
<td>218</td>
</tr>
<tr>
<td>17</td>
<td>ECC International, LLC</td>
<td>USAID</td>
<td>204</td>
</tr>
<tr>
<td>18</td>
<td>ARINC Inc.</td>
<td>SMDC</td>
<td>169</td>
</tr>
<tr>
<td>19</td>
<td>AMEC Earth and Environment</td>
<td>AFCEE</td>
<td>166</td>
</tr>
<tr>
<td>20</td>
<td>Recon International</td>
<td>C-JTSCC</td>
<td>159</td>
</tr>
</tbody>
</table>

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a. Numbers affected by rounding. Value represents the total obligations for contracts, cooperative agreements, and grants from FY 2007 to FY 2009 reported to SIGAR by the respective entity.

b. C-JTSCC data was provided by JCC-I/A, which was responsible for C-JTSCC’s mission at the time. As noted in SIGAR’s audit report, the JCC-I/A data contained a number of errors, including misspellings and some similar contractor names that may refer to the same contractor. SIGAR took steps to validate and consolidate data, where appropriate; however, since the report was published in October 2010, further review of C-JTSCC’s data revealed additional errors in its reporting, including obligation values that exceed actual contract values. SIGAR is working to determine the extent of the problems and will address any concerns with the agency.

FINDINGS

1. CSTC-A has provided or plans to provide a total of $11.4 billion through FY 2012 for construction of nearly 900 ANSF facilities, including at least $8 billion from FY 2010 through FY 2012. In addition, up to $800 million may be provided for operations and maintenance over the next five years.

2. Despite the considerable funding and large number of facilities involved, CSTC-A has not developed a long-term construction plan, placing the facilities program at risk of not meeting ANSF strategic and operational needs. In a 1998 executive guide for capital asset planning, the U.S. Government Accountability Office, in conjunction with the Office of Management and Budget, identified best practices for planning the construction of capital assets. The guide states that a long-term construction plan is necessary to ensure that, as conditions change, plans can be adapted as needed, and resources can be prioritized and used effectively to achieve applicable strategic goals.

3. CSTC-A contracted with MACTEC Engineering and Consulting, Inc. to, among other things, develop an ANSF Comprehensive Plan for Facilities Development. SIGAR found that portions of the plan were out of date, and most ANSF facilities plans were not completed; nevertheless, this plan was the most complete listing and analysis of ANSF facilities that CSTC-A could provide. The plan addressed a number of desired elements for long-range capital planning, but it did not address other elements, such as identifying how current ANSF facilities meet Afghan security objectives, identifying gaps in current facilities’ ability to meet security objectives, and evaluating how planned facilities will help to eliminate those gaps.

4. CSTC-A also recognizes that the long-term operations and maintenance of ANSF facilities need to be addressed. According to CSTC-A’s 2008 Campaign Plan, sustainment costs may continue through 2025. However, CSTC-A does not have a long-term maintenance plan linking requirements to long-term construction plans. Such a plan would help CSTC-A identify and rationalize ANSF maintenance requirements across the hundreds of completed and planned ANSF facilities to help ensure the most effective and efficient use of maintenance funding.

RECOMMENDATIONS

Without a facilities plan that reflects current requirements, CSTC-A puts its $11.4 billion construction program for ANSF facilities at risk, including building facilities that are inadequate for the projected number of ANSF personnel or that do not meet the ANSF’s strategic and operational needs. To ensure that CSTC-A maximizes the use of its funding and that facilities address ANSF strategic goals and objectives, SIGAR recommended the following action:

- Develop a planning document that incorporates updated requirements for ANSF facilities; addresses the justification for and location of all ANSF facilities; determines how they meet strategic objectives for security; and discusses
how facilities will be shared, expanded, or constructed to meet the projected end-strength of 400,000 personnel by 2013. This plan should address federal government principles and best practices for capital decision-making.

In addition, to help ensure that these facilities are used as intended, SIGAR recommended the following action:

- Develop a long-range operations and maintenance plan for all ANSF facilities.

**AGENCY COMMENTS**

In its comments on a draft of this audit report, CSTC-A said that long-term construction planning in a war zone is difficult but noted some steps it has taken to address SIGAR's concerns. In addition, CSTC-A agreed with the need for a long-range operations and maintenance plan for all ANSF facilities. CSTC-A stated it has asked for additional resources to address this shortcoming.

**Audit 11-7: Contract Performance and Oversight/CERP**

Commander's Emergency Response Program in Laghman Province Provided Some Benefits, but Oversight Weaknesses and Sustainment Concerns Led to Questionable Outcomes and Potential Waste

Since 2004, the Congress has appropriated nearly $2.64 billion for CERP in Afghanistan. CERP enables commanders to fund humanitarian relief and reconstruction projects to immediately assist the local population. In recent years, the Congress has expressed concerns over the rapid growth of CERP funding in Afghanistan, the use of CERP funds on large development projects, and the capacity of the GIRoA to absorb more CERP-funded projects.

SIGAR initiated this audit to examine the funding, outcomes, and oversight of 69 selected CERP projects in Laghman province that were approved from FY 2008 through FY 2010. The 69 projects selected include 24 active, 42 completed, and 3 terminated projects that represented 91% of the $58.5 million obligated for CERP projects in Laghman during that time. The SIGAR audit team inspected 36 of the projects, which represented $39.8 million in obligations (nearly 75%) of the total obligated for all 69 projects.

**OBJECTIVES**

This audit had two objectives:

- Assess the projects’ status, including funds obligated and disbursed, whether the projects were meeting intended outcomes, and whether they were being sustained.
- Determine whether project oversight by U.S. officials was in accordance with applicable guidance.

**FINDINGS**

- SIGAR found that 27 of the 69 CERP projects examined in Laghman were at risk or have questionable outcomes. These projects represent about
SIGAR OVERSIGHT

$49.2 million (92%) of the total obligations SIGAR reviewed and may result in waste. About $2 million was obligated (4% for the projects selected) for 19 projects that had generally successful outcomes.

- Most of the CERP investment in Laghman was used for large projects, specifically for the construction of asphalt roads and new facilities. All asphalt road projects (about $44.6 million obligated) are at risk because of the lack of maintenance plans. These projects and groups of related infrastructure projects were approved without adequate assurance that the GIRoA had the resources to sustain them.
- More than $3 million in obligations for new facilities projects was at risk because the buildings were completed but were not being used as intended, or because construction was ongoing and the GIRoA had not agreed to a business plan to sustain the facilities after completion.
- CERP project oversight was not in compliance with applicable requirements, placing CERP funds at risk of questionable outcomes and potential waste. For example, many project files lacked sufficient documentation to substantiate payments and contained minimal evidence that project monitoring had occurred.
- Two groups of related projects—an economic development effort and related agricultural storage projects—were large efforts that raised sustainment concerns. Such projects require significant amounts of CERP oversight, but CERP oversight officials rotate frequently and have been trained to implement smaller projects. These projects did not appear to meet an urgent need or provide an immediate benefit and raised concerns about sustainment.
- USFOR-A lacks a coordinated, results-oriented approach to determine whether CERP projects have achieved their goals, are being used as intended, and are being sustained. Without adequate oversight and assessments of results, the U.S. investment is at risk for waste, and the Afghan people may not receive the projects’ intended benefits.

RECOMMENDATIONS

To improve CERP oversight and promote the sustainment of CERP projects in Laghman, SIGAR recommended that USFOR-A take the following actions:

- Develop approaches to improve construction quality and sustainment plans for active CERP projects, or consider terminating or de-scoping active CERP projects and re-obligating the funds for better use, if it is in the best interest of the government to do so.
- Require contractors to repair defective work for completed projects that are still under warranty.
- Work with GIRoA officials to develop sustainment plans for CERP projects that are completed and have not been sustained. Before committing to additional CERP projects, USFOR-A should consider identifying steps for Laghman provincial officials to take to sustain projects that have been transferred to their authority.
To better identify CERP-funded large development efforts and ensure sustainment plans for these projects, SIGAR recommended that the USFOR-A commander take the following action:

- Update CERP standard operating procedures to include criteria to help field commanders determine when groups of CERP projects should be considered related for project planning and approval purposes.

To help determine whether CERP projects have met their intended outcomes and the purposes of CERP, SIGAR recommended that CSTC-A take the following action:

- Develop a coordinated, results-oriented approach for evaluating the effectiveness of CERP projects. Such an approach should include objective, quantifiable, and measurable goals; balanced performance measures to mark progress toward goals; criteria to define a successful CERP outcome; and procedures to collect, analyze, and report on performance data during the project and after it is completed.

**AGENCY COMMENTS**

In comments on a draft of this audit report, USFOR-A generally concurred with SIGAR’s findings and recommendations. USFOR-A stated that SIGAR’s recommendations will ensure a more successful CERP program while protecting U.S. taxpayer dollars. It also outlined several actions it plans to take to address the recommendations, but USFOR-A noted that it faces some challenges, including the limited capacity of local contractors and the lack of funding by the government of Afghanistan to support recurring operations and maintenance costs.

**New Audits Announced This Quarter**

This quarter, SIGAR announced five new audits: three contract audits, and two program audits. These audits examine key aspects of the U.S. reconstruction effort in Afghanistan.

**Contract Audit: USAID Local Governance and Community Development Projects**

This audit will examine the performance, costs, and outcomes of USAID’s contracts in support of its Local Governance and Community Development projects. The audit has the following objectives:

- Determine the extent to which USAID has taken action in response to the May 2009 audit report issued by the USAID Office of Inspector General.
- Assess the adequacy of contract planning and requirements definition, as well as the development of appropriate contract language (including the definition of desired outcomes) to help achieve the objectives of the U.S. and GIRoA strategy for governance and development.
- Assess whether contracts are completed within contract terms, including construction plans and specifications, cost, schedule, and outcome.
• Identify the elements of spending under the contracts, including direct costs, other direct costs, and overhead.
• Assess oversight of the contractor’s work and internal controls.
• Identify the private security companies, if any, that were hired to provide personnel or site security, their roles, whether they were approved by the GIRoA, and the effect on future work of changes in the GIRoA’s policy on private security contractors.

Contract Audit: Infrastructure Projects at the Kabul Military Training Center
This audit will examine AFCEE’s management of infrastructure projects at the Kabul Military Training Center. From FY 2007 through FY 2010, AFCEE obligated approximately $161 million for five task orders under three indefinite-delivery/indefinite-quantity (IDIQ) contracts at the Center. Under these contracts, AFCEE awarded a combination of cost-plus-fixed-fee, firm-fixed-price, and time-and-materials task orders. Work required under these task orders included planning, construction, and oversight functions with different completion dates. This audit has five objectives:
• Assess the adequacy of planning and requirements definition to develop appropriate contract language.
• Assess whether the projects are completed within the terms of the contract and construction plans and specifications, including cost, schedule, and outcome.
• Assess AFCEE’s compliance with contract administration and oversight requirements, including AFCEE policy and regulations, contract provisions, and the Federal Acquisition Regulation.
• Identify plans, if any, for the ANA to take possession of the facilities, perform maintenance, and pay for sustainment costs.
• Identify the private security companies, if any, that were hired to provide personnel or site security, their roles, and if they were approved by the GIRoA.

Contract Audit: Construction at the Afghan Defense University
This audit will examine construction projects and related activities at the Afghan Defense University. AFCEE awarded a cost-plus-fixed-fee task order to AMEC Earth and Environment under an IDIQ contract for construction of the Afghan Defense University. At the time of award, the task order was valued at approximately $70 million, and the project was to be completed in June 2010. Since then, AFCEE has issued five modifications to the task order, adding and removing requirements, increasing the amount obligated to about $83 million, and extending the completion date through June 2011. This audit has four objectives:
• Assess whether the project is being completed within the terms of the contract, including cost, schedule, and outcome.
• Assess AFCEE compliance with contract administration and oversight requirements, including AFCEE policy and regulations, contract provisions, and the Federal Acquisition Regulation.
• Identify plans for the ANA to take possession of the facilities, perform maintenance, and pay for sustainment.
• Identify which, if any, private security companies were hired to provide personnel or site security, their roles, and if they were approved by the GIRoA.

Program Audit: Review of Four USAID and State Department Programs in a Select Afghan Province
SIGAR is initiating an audit of four USAID and DoS programs in a province that has not yet been selected:
• Community-Based Stabilization Grants (USAID)
• Performance-Based Governors’ Fund (USAID)
• Quick Response Fund (DoS)
• Public Diplomacy Grants (DoS)
These programs are intended to build local governing capacity and promote development at the provincial and district levels. The province will be selected, in part, on the basis of the amount of funds spent for these programs.

The audit has three objectives:
• Identify the amount and use of program funds spent in one province during FY 2009 and FY 2010.
• Assess the steps the U.S. government has taken to ensure that the U.S. funds provided for these programs are protected and used for their intended purposes.
• Determine the extent to which the outcomes associated with the expenditure of these funds in FY 2009 and FY 2010 helped achieve the objectives of the United States and the GIRoA in governance, development, and counter-insurgency.

Program Audit: Use and Accountability of U.S. Funds Contributed to the Afghanistan Reconstruction Trust Fund
This audit will examine the ARTF, which is financed by contributions from the United States and other donor nations and administered by the World Bank. ARTF contributions flow through the Afghan national budget and are a means whereby the United States and other donors provide development assistance directly to the GIRoA. As of September 2010, the United States had contributed $972 million—nearly one-fourth of all contributions to the trust fund ($4 billion from 32 countries and international organizations). This audit is one in a series of reviews examining U.S. and other donor assistance to support the GIRoA’s anti-corruption capabilities, as well as internal controls over U.S. and other donor funds provided to the GIRoA. The audit has two objectives:
• Examine the structure of the ARTF, including its relationship to the GIRoA’s overall budget, intended uses, and donor contributions.
• Determine the extent to which the United States, the World Bank, and the GIRoA have established mechanisms to adequately monitor and account for U.S. funds contributed to the ARTF.
Ongoing Audits: Contract
During this reporting period, SIGAR has three ongoing audits examining the construction, oversight, and sustainability of two infrastructure projects; a USAID cooperative agreement with CARE International; and the performance and oversight of a private security contractor.

Review of U.S. Air Force Center for Engineering and the Environment Infrastructure Projects in Mazar-e Sharif and Herat
SIGAR is examining two infrastructure projects undertaken by AFCEE. This review has three objectives:

- Examine modifications to the task orders awarded to the prime construction contractors to determine whether construction at Mazar-e Sharif and Herat meet the terms of the task orders.
- Assess the nature and adequacy of project oversight by the quality assurance contractor and AFCEE.
- Evaluate efforts to ensure the sustainability of the facilities.

Review of USAID’s Cooperative Agreement with CARE International for the Community Development Program for Kabul
SIGAR is assessing a $60 million cooperative agreement between USAID and CARE International—the Community Development Program for Kabul—one of four programs addressing food insecurity in major urban areas in Afghanistan. The completion date of the one-year program was originally March 2010; however, the program has been extended to September 2011. The audit has four objectives:

- Assess the process and procedures USAID followed to award this cooperative agreement.
- Determine whether the contract is being implemented within the cost, schedule, and outcome terms of the agreement.
- Evaluate USAID’s and CARE’s oversight of the program, including controls over cash disbursements.
- Assess the extent to which program goals have been achieved.

Review of Reconstruction Security Support Services from Global Strategies Group, Inc.
This audit is examining whether USACE received the security services it needed from the contractor at a reasonable cost. SIGAR re-scoped this audit to clarify the objectives. The re-scoped audit has two 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.
Ongoing Audits: Reconstruction Programs and Operations
SIGAR has eight ongoing audits of programs and operations related to the U.S. effort to build the ANSF, improve governance, and foster economic development.

Afghanistan’s National Solidarity Program
This audit is related to a series of SIGAR audits examining U.S. and other donor assistance in support of the GIRoAs anti-corruption capabilities. These audits also assess the internal controls that Afghan public institutions can exercise to ensure that donor assistance funds provided to the government are reasonably protected against waste, fraud, and abuse.

In 2003, the Afghan Ministry of Rural Rehabilitation and Development established the National Solidarity Program (NSP) to help communities identify, plan, manage, and monitor their own development projects. As of September 2010, international donor contributions to the NSP totaled more than $1.4 billion. The United States has provided about $528 million, making it the single largest provider of NSP funds. The audit has four objectives:

- Identify U.S. and other donor assistance to the NSP and determine what the funds are used for.
- Assess the level of oversight and internal controls over donor funds.
- Determine whether the NSP is achieving its intended results.
- Highlight key challenges facing the NSP in its third and final phase.

Afghan National Police Personnel Management Processes and Systems
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 to avoid duplicating work being conducted by the U.S. Government Accountability Office and to respond to the increased 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.

Accountability for Vehicles Provided to the ANSF
The United States has provided tens of thousands of vehicles to the ANSF and plans to provide thousands more through at least 2012. Most of these vehicles have been purchased through the Foreign Military Sales system, which is administered by the Defense Security Cooperation Agency. This audit will also provide
insights on the overall ability of the ANSF to account for, track, and maintain equipment. This audit has three objectives:

- Examine ANSF’s vehicle requirements and the extent to which they have been met.
- Assess whether CSTC-A and the ANSF can fully account for vehicles purchased with U.S. funds for the ANSF, including their numbers, types, and operational status.
- Evaluate how CSTC-A ensures that the ANSF can properly safeguard, account for, operate, and maintain vehicles purchased with U.S. funds.

**U.S. Efforts To Strengthen the Capabilities of the Afghan Major Crimes Task Force**

This audit is assessing U.S. efforts to strengthen the capabilities of the Afghan Major Crimes Task Force (MCTF). It is related to a series of reviews examining U.S. and donor assistance to support the GIRoA’s anti-corruption capabilities.

The audit has three objectives:

- Identify U.S. and other donor assistance to strengthen the MCTF.
- Determine whether U.S. efforts were designed and implemented in accordance with applicable laws and regulations.
- Determine whether U.S. assistance is achieving the intended results.

**U.S. and International Donor Assistance for Development of the Afghan Banking Sector and Afghan Currency Control Systems**

The Congress has expressed concerns about the stability of Afghanistan’s banking system and the bulk cash exported through Kabul International Airport. To address congressional inquiries, SIGAR initiated an audit of U.S. assistance for the development of the Afghan banking sector and currency control systems, including the regulation of bulk cash flows. The audit has four objectives:

- Examine the status and development of Afghanistan’s financial sector, including banking and currency control systems.
- Identify currency control systems, policies, and activities of the GIRoA, including regulation of bulk cash flows into and out of the country.
- Identify programs and activities of the United States to support the development of Afghanistan’s banking sector and strengthen Afghanistan’s currency controls.
- Assess the extent to which these programs and activities have achieved their goals and have been effectively coordinated.

**U.S. Assistance To Develop Afghanistan’s Agricultural Sector**

A top priority of the U.S. strategy in Afghanistan is to rebuild the agriculture sector. This audit has four objectives:

- Identify U.S. and donor assistance to Afghanistan’s agriculture sector through the second quarter of FY 2011.
- Identify strategies and objectives guiding U.S. assistance to develop Afghanistan’s agriculture sector.
• Assess the extent to which U.S. agricultural assistance is achieving strategic goals and objectives.
• Evaluate the extent to which U.S. agricultural assistance is vulnerable to waste.

**Implementation of the Defense Base Act Insurance Program for Contractors in Afghanistan**

The Defense Base Act (DBA) Insurance Program, administered by the U.S. Department of Labor, requires that all federal government contractors and subcontractors provide workers’ compensation insurance for employees who work outside the United States. DoD, DoS, and USAID are the principal U.S. government entities involved with reconstruction efforts in Afghanistan. DoS, USAID, and USACE use a single-source insurance provider; all other DoD elements allow individual contractors to select their own DBA insurers. Over the course of this audit, SIGAR is examining program costs, program administration, and payments to recipients.

The audit has four objectives:
• Determine how the program works.
• Using case studies, determine how much reconstruction funding has been spent on DBA insurance and whether funds are appropriately tracked and accounted for.
• Determine whether DBA insurance on reconstruction contracts has been purchased as required by prime contractors and subcontractors.
• Determine whether adequate procedures and processes are in place to help ensure that beneficiaries receive the benefits they are entitled to.

**Implementation and Sustainability of the U.S. Civilian Uplift in Afghanistan (Joint Audit with DoS Office of Inspector General)**

The U.S. strategy in Afghanistan relies in part on the U.S. government’s ability to deploy and sustain a civilian effort to build governance and support economic development across the country. The number of U.S. civilian personnel in Afghanistan has increased significantly—from 320 in early 2009 to 1,167 in December 2010. Conducted jointly with the DoS Office of Inspector General, this audit is a follow-on audit of aspects of the implementation of the civilian uplift, as well as the sustainability of deploying additional civilians to Afghanistan. The audit has two objectives:
• Determine the costs of the civilian uplift in Afghanistan for FY 2009 and FY 2010 and assess U.S. agencies’ evaluation of these costs.
• Determine U.S. agencies’ projected costs for the uplift in FY 2011 and FY 2012 and assess their efforts to evaluate and sustain these costs.
Forensic Audits
SIGAR is conducting forensic reviews of three Afghanistan reconstruction funds under the authority of PL. 110-181, as amended. The legislation requires SIGAR to investigate improper payments—such as duplicate payments or ineligible contractors—and to prepare a final forensic audit report on programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. The reviews include examinations of DoD, USAID, and DoS transaction data related to reconstruction funding.

Forensic Review of DoD Transaction Data Related to Afghanistan Reconstruction
In March 2010, SIGAR initiated a review of DoD appropriation, obligation, and expenditure transaction data related to the ASFF for fiscal years 2005 through 2009, totaling $25.23 billion. Obtaining data to perform a comprehensive forensic review has been a challenge because SIGAR has limited visibility into the line detail of these transactions. Based on a December 21, 2010, meeting with the Defense Finance and Accounting Service (DFAS)—including Security Assistance Accounting for Foreign Military Sales (FMS)—SIGAR confirmed that most of the funds appropriated to the ASFF are transferred immediately to an FMS trust fund account to await disbursement after they are obligated. This accounts for the difficulty in obtaining data necessary for the forensic review. SIGAR is continuing its efforts to obtain all relevant data and is expanding the scope to include FY 2010 transactions.

SIGAR is working in conjunction with various members of DFAS, including teams responsible for FMS accounting, to help identify data owners and locate source systems. When transaction data is obtained, it will be analyzed using extensive data-mining and risk-scoring techniques to identify anomalies that may indicate fraud, waste, or abuse. The results could support or lead to SIGAR audits or investigations.

Forensic Review of USAID Transaction Data Related to Afghanistan Reconstruction
SIGAR is reviewing USAID appropriation, obligation, and expenditure transaction data, primarily related to the ESF, from FY 2002 to July 2010, totaling $7.4 billion in appropriated dollars. SIGAR has completed a preliminary review of 73,272 transactions and 1,211 vendors. Forensic analysts performed a series of 19 forensic tests to isolate anomalies; the results indicated a number of anomalous activities and exceptions.

SIGAR’s forensic team is examining these anomalies and working to validate the exceptions. SIGAR auditors are performing additional electronic testing and working with SIGAR investigators to examine relevant contract documentation, invoices, and payment files. In addition, SIGAR is applying a risk-scoring methodology to the results of this analysis and will utilize the results to determine future, joint audit and investigative initiatives. SIGAR will continue to analyze
new fund data. As necessary, SIGAR will conduct interviews with contract-
ing officials, vendor management, and other staff to further verify exceptions. SIGAR will incorporate the results into ongoing investigations and audits, as appropriate.

**Forensic Review of DoS Transaction Data Related to Afghanistan Reconstruction**

SIGAR initiated a review of DoS appropriation, obligation, and expenditure transaction data related to the INCLE from FY 2002 to the present, totaling $2.68 billion in appropriated dollars. SIGAR officially notified DoS that it would be conducting this audit on June 24, 2010, and held an entrance conference with DoS on August 19, 2010. Although DoS agreed to locate the correct contacts necessary to identify and pull the appropriate data, it has not yet provided this information to SIGAR. On December 28, 2010, SIGAR sent a letter to DoS inquiring when this data would be provided. At the time this report went to press, SIGAR had not received a response.

**SIGAR INVESTIGATIONS**

During this reporting period, SIGAR opened 35 new cases and participated in joint investigations that resulted in the payment of $22 million in unpaid wages to Afghan workers and $11 million in unpaid taxes to the GIRoA, $500,000 in cost savings, the recovery of stolen equipment, the arrest of one contractor for bribery, and the proposed debarment of two individuals and two companies. SIGAR investigators also continued to work closely with investigators and prosecutors from the Afghan Attorney General’s Office to identify and prioritize appropriate cases for joint investigative efforts.

SIGAR is conducting 105 criminal and civil investigations of waste, fraud, and abuse of U.S. reconstruction dollars in Afghanistan. As of December 31, 2010, SIGAR is conducting 2 assessments, 52 preliminary investigations, and 51 full investigations. SIGAR closed 7 investigations during this quarter.

Approximately 54% of SIGAR’s open investigations focus on contract and procurement fraud, 26% on alleged bribery and corruption, and 20% on other criminal allegations, such as theft. Figure 1.1 shows the status of all open investigations. Figure 1.2 shows the new investigations by type.

SIGAR ended the first quarter of FY 2011 with 32 staff assigned to the Investigations directorate. Of these, 16 special agents are assigned to Afghanistan, and 8 are based at SIGAR Headquarters.

**SIGAR Working with Afghan Law Enforcement**

SIGAR investigators continue to work closely with Task Force 2010, which was established to identify contractors and subcontractors who may be diverting funds to the insurgency or other criminal organizations. SIGAR also collaborated with the Afghan Shafafiyat (“Transparency”) Investigative Unit (ASIU), a joint U.S.-Afghan investigations team that focuses on investigating, arresting, and
prosecuting Afghan citizens involved in contract fraud. SIGAR is one of several U.S. federal law enforcement agencies working in close cooperation with prosecutors and investigators from the Afghan Attorney General’s Office to identify and prioritize appropriate cases for joint investigative efforts.

During this quarter, the ASIU adopted four SIGAR-initiated investigations of Afghan companies and citizens alleged to have committed fraud or abuse in connection with reconstruction projects. An ongoing ASIU investigation, involving Supreme Fuels Trading FZE and Critical Logistic Support resulted in the recovery of $22 million in unpaid wages for 4,000 Afghan employees and $11 million in back taxes for the GIRoA. SIGAR investigators participated in numerous settlement discussions with the companies. SIGAR agents and other U.S. law enforcement representatives will receive Letters of Appreciation from the ASIU for their support in this negotiated settlement.

Joint Investigation Results in Arrest of Contractor in India
A joint investigation conducted by SIGAR, the USAID Office of Inspector General, the Federal Bureau of Investigation, the International Contract Corruption Task Force, and the National Procurement Fraud Task Force resulted in the arrest of a senior construction manager for an intergovernmental organization working in Afghanistan. This contractor, an Australian citizen, was arrested on October 12, 2010, at the airport in New Delhi, India, and is awaiting extradition to the United States.

The contractor was indicted in the U.S. District Court of Columbia on August 19, 2010. The indictment, which was initially sealed by the court, was unsealed on October 12, 2010. The indictment alleges that the contractor solicited a bribe for awarding subcontracts funded by USAID. The maximum penalty for the bribery charge is 10 years in prison and a $250,000 fine.

SIGAR Investigative Efforts Lead to Proposed Debarments
SIGAR received a number of complaints through SIGAR’s Hotline alleging that two companies owned and operated by Americans—K5 Global and Bennett & Fouch LLC—failed to pay a number of Afghan subcontractors before closing the companies’ offices and leaving Afghanistan.

SIGAR shared the complaints with its partners in the ICCTF in Afghanistan and consolidated the complaints into a related criminal investigation. Based on information that SIGAR investigators compiled, analyzed, and provided to the U.S. Army’s Procurement Fraud Branch, proposed debarment letters were prepared and issued on December 27, 2010, to the two companies and to two U.S. employees in management positions with the companies. The proposed debarment action states that the companies failed to pay for work valued at $2.55 million.
SIGAR Investigations Initiative Saves $500,000
During an ongoing investigation, SIGAR received information alleging that the Guryak Bridge in Kunar province, which was built with U.S. reconstruction funds, had collapsed because of substandard construction. SIGAR's investigation determined that the bridge had been built with CERP funds under a contract with an Afghan contractor.

The Provincial Reconstruction Team (PRT) that had contracted for the construction of the bridge was not aware that it had collapsed until SIGAR provided them with pictures and the location. After confirming that the bridge had collapsed, the PRT advised SIGAR that the bridge was no longer under warranty and that a solicitation for repair would be issued. However, a document review conducted by SIGAR's Investigations and Audit directorates determined that the bridge was still under warranty. After reviewing SIGAR's information, the PRT agreed to pursue the warranty issue with the Afghan contractor.

The original amount paid for the bridge was approximately $1.68 million; SIGAR was informed that the solicitation for the repair of the bridge would have been valued at $500,000.

This investigation is expanding to include another bridge in the same area that is also in danger of collapse owing to alleged substandard construction.

SIGAR Investigations Lead to Recovery of Stolen Equipment
SIGAR is investigating what is alleged to be a large, organized ring involved in the systematic theft of U.S. goods and equipment and warehousing of the stolen property in and around Kabul, Kandahar, and Bagram Air Force Base. In Bagram and throughout Parwan province, SIGAR investigators are working closely with elements of the Army task force that is responsible for military security operations in the Bagram Security Zone. The task force has a number of law enforcement professionals under contract to mentor the ANP.

This quarter, in Parwan province, elements of the ANP working with the task force discovered two large freight containers loaded with U.S. construction tools and machines worth $532,000, as well as several new four-wheeled utility vehicles. The ANP made the discovery after detaining two subjects—one Pakistani and one Afghan. SIGAR agents—together with law enforcement professionals from the task force, and U.S. Army Criminal Investigation Command—determined that the equipment was stolen U.S. property. SIGAR agents are investigating the group suspected to be responsible for the theft of these containers and for what is alleged to be large amounts of reconstruction materials and other U.S.-purchased property and equipment.

Outreach of SIGAR Investigations Nets New Cases
During this reporting period, SIGAR special agents and investigative analysts conducted fraud awareness presentations in Parwan, Nangarhar, Khowst, Panjshir, and Kapisa provinces. These presentations are part of SIGAR's ongoing outreach and fraud awareness program. As a result of these presentations, one
criminal investigation was initiated, another allegation received was integrated into an existing SIGAR investigation, and information received pertaining to a security matter was referred to the appropriate U.S. agency.

**SIGAR Hotline and Complaints Management System**

This quarter, the SIGAR Hotline and Complaints Management System (HCMS) received 131 complaints—an increase of 6 from the previous quarter. The number has grown for the fourth consecutive quarter. Since becoming operational in January 2009, the HCMS has received 464 reports of alleged fraud, waste, and abuse of U.S. funds for Afghanistan reconstruction. The sources and disposition of the complaints received this quarter are shown in Figure 1.3 and Figure 1.4.

**SIGAR BUDGET**

Since 2008, when SIGAR was established, the Congress has appropriated $55.8 million to cover the organization’s operating expenses. During this period, the Congress has nearly doubled the amount of funding for the reconstruction of Afghanistan. From 2002 through 2008, the Congress provided $29.23 billion for Afghanistan reconstruction; since 2008, it has appropriated an additional $26.47 billion. President Obama has asked for $16.2 billion more for Afghanistan’s reconstruction in the FY 2011 budget request. This would bring the total U.S. investment in the reconstruction of Afghanistan to nearly $72 billion.

To provide oversight of the expanding reconstruction effort, SIGAR has steadily increased its staff. SIGAR’s budget request of $35.6 million for FY 2011 will enable the organization to continue to grow and provide the oversight needed to detect and deter waste, fraud, and abuse of taxpayer dollars. Table 1.3 summarizes SIGAR’s funding through FY 2010.
This quarter, SIGAR’s staff grew from 117 to 122. Taking into account the President’s requests for significant increases in reconstruction funding, SIGAR plans to continue hiring experienced auditors and investigators throughout the coming year. Depending on its funding, SIGAR’s goal is to have 180 full-time employees in FY 2011.

Through its agreements with the U.S. Embassy in Kabul and USFOR-A, SIGAR is authorized to fill 45 positions in Afghanistan: 33 at the Embassy and 12 at military bases in the field. SIGAR staff are now working at five locations in Afghanistan. When this report went to press, SIGAR had 31 full-time positions filled in Afghanistan. SIGAR also employs two foreign service nationals in its Kabul office. In addition, SIGAR supports its work with staff assigned on short-term temporary duty in Afghanistan. SIGAR typically has from 4 to 10 employees in Afghanistan on temporary duty at any given time.
Training for Security

The shura president of Pusht-e Rod district discusses security with the Farah Chief of Police, the Masaw Afghan Local Police commander, and the U.S. Task Force Arrow commander after an Afghan Local Police recruitment ceremony on January 1, 2011. The ceremony culminated six weeks of training that prepared more than 130 Afghans to secure local villages in the district. (ISAF photo, MSgt Brian D. Smith)
AFGHANISTAN
OVERVIEW
“In Afghanistan, we remain focused on the three areas of our strategy: our military effort to break the Taliban’s momentum and train Afghan forces so they can take the lead; our civilian effort to promote effective governance and development; and regional cooperation, especially with Pakistan, because our strategy has to succeed on both sides of the border.”

—U.S. President Barack Obama

Three significant events this quarter will impact the direction of the U.S. reconstruction effort in 2011:

- the agreements reached at the North Atlantic Treaty Organization (NATO) summit in November 2010
- the U.S. Administration’s annual review of its strategy for Afghanistan and Pakistan, which was completed in December 2010
- the enactment of the National Defense Authorization Act (P.L. 111-383), which President Obama signed into law on January 7, 2011

Taken together, these events established or clarified reconstruction objectives, created a timeline for the GIRoA to take over full responsibility for security, and provided legislation to define and support critical aspects of the U.S. reconstruction effort going forward. The emphasis over the next year will be on building Afghan capacity and ensuring that reconstruction projects are sustainable.

SIGAR’s FY 2011 audit plan, described in Section 1 of this report, is focused on identifying waste, fraud, and abuse of taxpayer dollars and determining whether U.S.-funded projects are achieving their intended outcomes and can be sustained.

NATO Summit in Lisbon Establishes Transition Timeline

During this reporting period, the United States, its partners in the international community, and the Government of the Islamic Republic of Afghanistan (GIRoA) set a timeline for the GIRoA to take full responsibility for security by the end of 2014. To accomplish the transition, the United States and the international community will devote most of their resources to building the Afghan National Security Forces (ANSF), improving Afghan capacity to govern, and establishing a foundation for sustainable economic development.

At the NATO summit in November, the 48 nations contributing to the NATO-led International Security Assistance Force (ISAF) in Afghanistan, together with the GIRoA, agreed to begin to turn over security operations to the ANSF in some districts and provinces this year, and to complete this transition by the end of 2014. They also vowed to remain committed to supporting Afghanistan long after the transition. The United States, which has nearly 102,000 troops on the ground, is the largest contributor to ISAF. U.S. forces account for about 82,000 of the nearly 132,000 personnel reporting to ISAF.1
The November 20, 2010, declaration, issued at the end of the summit, stated that NATO is entering a new phase in its mission and that “the process of transition to full Afghan security responsibility and leadership in some provinces and districts is on track to begin in early 2011, following a joint Afghan and NATO/ISAF assessment and decision.” The declaration also cautioned that the transition “will be conditions-based, not calendar-driven, and will not equate to withdrawal of ISAF troops.”

Although the NATO declaration identified strengthening the ANSF as its core mission, it also emphasized the importance of the international civilian effort, including the work of the Provincial Reconstruction Teams (PRTs), to build Afghan governing capacity and provide long-term development assistance. Noting that corruption poses a serious challenge for the GIRoA, the declaration stressed the importance of continued effort to “improve governance, strengthen the rule of law, and ensure sustainable economic growth.”

According to summit participants, if Afghanistan is to achieve lasting stability, it must develop a process that allows for the reconciliation and reintegration of insurgents. The participants welcomed Afghan-led initiatives such as the Consultative Peace Jirga, the High Peace Council, and the Afghan Peace and Reintegration Program. They said they would “continue to support Afghan-led efforts to reconcile and reintegrate those members of the insurgency who renounce violence, cut links with terrorist groups, and accept the Afghan constitution.” The declaration reiterated the international community’s commitment to human rights, particularly the rights of women.

The U.S. government’s annual review of its strategy in Afghanistan and Pakistan incorporated the agreements reached at the NATO Summit.

U.S. POLICY UNCHANGED FOLLOWING REVIEW OF U.S. STRATEGY IN AFGHANISTAN AND PAKISTAN

In December 2010, the Administration completed the Afghanistan and Pakistan Annual Review, which examined all aspects of U.S. policy in the region. The review concluded that the United States has made significant progress toward achieving the core goals of disrupting, dismantling, and defeating al-Qaeda in Afghanistan and Pakistan, as well as denying the Taliban the ability to overthrow the GIRoA. The review attributed the progress to the accelerated deployment of U.S. and international military and civilian resources that began in July 2009. It said the strategy developed in 2009 was achieving its objectives and had created the conditions “to begin a responsible reduction of U.S. forces in July 2011.”

The late U.S. Special Representative to Afghanistan and Pakistan, Ambassador Richard C. Holbrooke, was a principal architect of the strategy and participated in the review. President Barack Obama noted that the review “reflected the dedication of Ambassador Richard Holbrooke, whose memory we honor and whose work we’ll continue.”
In his statement about the review, President Obama noted that “the challenge remains to make our gains durable and sustainable.” U.S. resources will be channeled into four critical areas:

- the military effort to break the Taliban’s momentum and train Afghan forces to take the lead in providing security
- the civilian effort to promote effective governance and economic development
- regional cooperation, especially with Pakistan
- achieving a durable and favorable political resolution to the conflict

Reconstruction will continue to emphasize building the ANSF to enable the Afghan National Army (ANA) and the Afghan National Police (ANP) to assume responsibility for Afghanistan’s security by the end of 2014. However, President Obama warned that for “these security gains to be sustained over time, there is an urgent need for political and economic progress in Afghanistan.” Therefore, the U.S. government will continue to fund reconstruction programs that help Afghanistan improve national and subnational governance, reduce corruption, and support efforts to achieve a political solution to the conflict. The United States will also fund focused investments in infrastructure that provide a foundation for economic development.

Building on the transition plan announced by NATO and the goals of the U.S. strategy, the U.S. civilian and military leadership in Afghanistan has developed a joint civilian-military campaign plan for 2011. According to the U.S. Embassy Kabul,
a final draft of the plan is ready to be signed by Ambassador Karl Eikenberry and General David Petraeus.

The FY 2011 National Defense Authorization Act includes several provisions to support the U.S. reconstruction strategy and increase oversight of contractors.

**FY 2011 NATIONAL DEFENSE AUTHORIZATION ACT ADDRESSES RECONSTRUCTION ISSUES**

On January 7, 2011, President Obama signed the FY 2011 NDAA (P.L. 111-383). In addition to authorizing more than $11.6 billion to fund the development of the ANSF, the NDAA authorized the creation of a new infrastructure program to support the U.S. counter-insurgency effort in Afghanistan. It also gave the DoD authority to fund reintegration activities. The legislation established new requirements to improve oversight of contractors. Addressing growing concerns about sustainability, the provisions related to the Commander’s Emergency Response Program (CERP) and the new infrastructure program require implementing agencies to show how proposed reconstruction projects will be sustained.

**Legislation Limits CERP Funding and Establishes New Infrastructure Program**

The NDAA extends CERP for one year, authorizes up to $400 million for CERP in Afghanistan in FY 2011, and limits the cost of individual CERP projects to $20 million. It further requires the Secretary of Defense to notify the Congress not less than 15 days before obligating CERP funds for any project in Afghanistan that is expected to cost $5 million or more. The notification must include the following elements:

- the location, nature, and purpose of the proposed project, including how the project is intended to advance the military campaign for Afghanistan
- the budget and implementation timeline for the proposed project
- a plan for the sustainment of the proposed project

The law reflects congressional concern that DoD was using CERP to fund large scale projects to support its counter-insurgency strategy rather than for the original purpose—to implement small-scale projects to enable military commanders to meet the urgent humanitarian relief and reconstruction needs within their areas of responsibility.

In October 2009, SIGAR’s audit of DoD’s internal controls over CERP funds found that CERP was increasingly being used to fund large infrastructure projects of $500,000 or more. At the time, SIGAR pointed out that although large projects accounted for only 3% of all CERP projects, they consumed more than 67% of CERP funds. SIGAR observed that large projects pose increased risks for CERP for three reasons:

- These projects usually take several years to complete.
- CERP program managers have been trained to implement small projects with short timeframes, not complex projects with long timeframes.
• Given the relatively short military rotations in Afghanistan, it is difficult to maintain the continuous management and oversight needed to successfully complete more complicated projects.

USFOR-A disagreed that using CERP for large projects poses management risks, pointing out that most of the large contracts were to build roads, which are easier to manage than other kinds of projects. However, SIGAR’s audit this quarter of 69 CERP projects in Laghman province—valued at $53 million—found that the highest-cost and most complex projects, including roads, were the most at risk of achieving questionable outcomes. For more information on this audit, see Section 1.

The FY 2011 NDAA authorized the creation of a new fund—the Afghanistan Infrastructure Fund (AIF)—to be the primary source of DoD funding for large development and reconstruction projects in Afghanistan. The legislation allows DoD to put up to $400 million of its FY 2011 operations and maintenance funds into the AIF, which will support a joint DoD/DoS infrastructure program.

**Afghanistan Infrastructure Program**

The FY 2011 NDAA authorizes the Secretaries of Defense and State to establish a program to jointly develop high-priority, large infrastructure projects in support of the civil-military campaign in Afghanistan. The Afghanistan Infrastructure Program will be supported by the new $400 million DoD infrastructure fund and by DoS/USAID foreign assistance resources. Both DoD and DoS must agree on all infrastructure projects. The U.S. Army Corps of Engineers and USAID will implement the projects. The legislation stipulates that these may include water, power, and transportation projects, as well as other projects in support of the U.S. counter-insurgency strategy in Afghanistan.

The legislation requires the Secretary of Defense to notify the Congress at least 30 days before obligating funds or transferring funds to DoS for implementing a project under this program. The notification letter must contain a description of the details of the project, a plan for the sustainment of the project, and a description of how the project supports the counter-insurgency strategy in Afghanistan.

**Funds for Reintegration Activities in Afghanistan**

Under the new legislation, the Secretary of Defense may use a maximum of $50 million from DoD’s operations and management budget to support the reintegration of Afghan insurgents who pledge the following:

- to cease all support for the insurgency in Afghanistan
- to live in accordance with the Constitution of Afghanistan
- to cease violence against the GIRoA and its international partners
- that they do not have material ties to al-Qaeda or affiliated transnational terrorist organizations

The legislation requires the Secretary of Defense to issue guidance on how DoD intends to allocate the reintegration funds. This guidance must include
mechanisms for coordination with the GIRoA and other U.S. government agencies, and mechanisms to track rates of recidivism among Afghans who participate in the reintegration program.19

SIGAR To Provide Recommendations on Oversight of Contractors Engaged in Activities Relating to Afghanistan
The FY 2011 NDAA requires SIGAR—in consultation with the inspectors general of DoD, DoS, and USAID—to take the following actions within 90 days of its enactment (by April 7, 2011):

• Provide recommendations on ways to increase oversight of contractors engaged in activities relating to Afghanistan.
• Report on the status of efforts of the DoD, USAID, and DoS to implement existing recommendations regarding oversight of these contractors.
• Report on the extent to which military and security contractors or subcontractors engaged in activities relating to Afghanistan have been responsible for the deaths of Afghan civilians.

The Congress has specifically requested recommendations to reduce U.S. reliance on military and security contractors responsible for the deaths of Afghan civilians, as well as Afghan militias or other armed groups that are not part of the ANSF.20 Other provisions of the law require contracting authorities to provide sufficient oversight of private security contractors (PSCs) to ensure that these contractors are fulfilling the terms of their contracts and complying with regulatory requirements.21

As part of its legislative mandate, SIGAR has begun a series of audits to assess the management and oversight of PSCs and their performance in Afghanistan. The first of these audits is examining a USACE contractor and is scheduled to be completed next quarter. Because of growing concern about the activities of PSCs and President Karzai’s decree to limit the continuing role of PSCs in Afghanistan, SIGAR is planning audits on several PSCs providing security for U.S. reconstruction efforts and their compliance with U.S. and Afghan legal requirements.

SIGAR LOOKING FORWARD
During 2010, the international community and the GIRoA held a series of meetings—the international conference in London at the end of January, the Kabul Conference in July, and the NATO Summit in Lisbon in November—to set the stage for the GIRoA to assume responsibility for security and economic development. The NATO Summit and the U.S. Administration’s strategic review signaled that the transition in the security sector would start this year and conclude in 2014.

The transition plan depends on developing Afghan capacity in every sector, but particularly in the security sector. Of the more than $56 billion that the Congress has appropriated for reconstruction since 2002, approximately $29 billion (more than 52%) has gone to develop the ANSF. More than $11.6 billion (nearly 62%) of the nearly $18.8 billion that the President has asked the Congress to appropriate
for reconstruction in FY 2011 would go to training, equipping, and building facilities for the ANSF.

SIGAR developed its FY 2011 audit plan to ensure that it provides oversight of the reconstruction programs that the United States provides the greatest resources for and considers most critical to achieving its strategic objectives in Afghanistan. Thus, 6 of SIGAR’s 16 ongoing audits are assessing aspects of the U.S. effort to build the ANSF. They include audits of high-priority construction projects, such as the $161 million Kabul Military Training Center and the $83 million Afghan Defense University, as well as reviews of ANP personnel management and ANSF accountability for vehicles provided by the United States.

The rest of the funding would largely fund programs to promote good governance and economic development. SIGAR is also conducting a variety of contract and program audits that assess a range of reconstruction activities. They include an audit of USAID contracts to build local governing capacity as well as reviews of U.S.-funded programs to develop Afghanistan’s banking and agriculture sectors. For a summary of SIGAR’s ongoing audits, see Section 1.

SIGAR investigators will continue to work closely with other federal agencies and with Afghan law enforcement bodies to detect and investigate allegations of contract and procurement fraud, corruption, and other criminal activity related to the abuse of U.S. reconstruction dollars. This collaboration is beginning to produce results. This quarter, at the request of the Afghan Shafafiyat Investigative Unit (ASIU), a joint U.S.-Afghan investigative team, SIGAR participated in negotiations with two companies that resulted in the repayment of $22 million in unpaid wages for 4,000 Afghan workers and $11 million in unpaid taxes to the GIRoA.

Throughout this year, SIGAR auditors and investigators will remain focused on detecting and deterring waste, fraud, and abuse of U.S. reconstruction dollars. SIGAR will also be assessing the degree to which U.S. taxpayer dollars are supporting sustainable programs that are helping the United States achieve its reconstruction objectives.
Breaking Ground

Excavation begins on a new biogas plant in Kabul province in December, observed by members of the Afghan Renewable Energy Department and contractors. The plant will serve as a training and testing facility for future plants throughout the country. Expanding the use of renewable energy is a key part of the U.S. stabilization strategy for Afghanistan. (USAF photo, SSgt Jordan Jones)
3 RECONSTRUCTION UPDATE
“Going forward, there must be a continued focus on the delivery of basic services, as well as transparency and accountability. We will also fully support an Afghan political process that includes reconciliation... And we will forge a new strategic partnership with Afghanistan next year, so that we make it clear that the United States is committed to the long-term security and development of the Afghan people.”

—U.S. President Barack Obama

OVERVIEW

Section 3 presents a holistic view of reconstruction efforts in Afghanistan during this reporting period. Updates on accomplishments, challenges, and local initiatives provide context for the oversight that is needed in reconstruction efforts. Sidebars throughout the section identify SIGAR audits—both completed and ongoing—related to those efforts; for ongoing audits, cross-references direct the reader to more information in Section 1.

Section 3 is divided into six subsections: Status of Funds, Security, Governance, Economic and Social Development, Counter-Narcotics, and Anti-Corruption. The Security, Governance, and Economic and Social Development subsections mirror the three pillars reflected in the Prioritization and Implementation Plan announced by the Government of the Islamic Republic of Afghanistan (GIRoA) in 2010 and originally set forth in the 2008 Afghanistan National Development Strategy. The Counter-Narcotics and Anti-Corruption subsections focus on key issues identified in both documents.

TOPICS

Section 3 discusses six broad topics: historical and current funding information, security conditions, governance activities, economic and social development programs, counter-narcotics initiatives, and anti-corruption efforts.

The Status of Funds subsection contains a comprehensive discussion of the monies appropriated, obligated, and disbursed for Afghanistan reconstruction. It includes specific information on major U.S. funds and international contributions.

The Security subsection details U.S. efforts to bolster the Afghan National Security Forces and discusses U.S. and international efforts to improve security in the country. This subsection focuses on programming to improve the Afghan National Army and Afghan National Police, including training, equipping, and infrastructure development.

The Governance subsection provides an overview of the GIRoA’s progress toward achieving good governance. This subsection focuses on the resolution of the September 2010 elections, the status of reintegration and reconciliation programming, and human rights development.

The Economic and Social Development subsection looks at reconstruction activities by sector, ranging from agriculture and energy to health services. It provides a snapshot of the state of the economy and updates on progress in
regulating financial networks, achieving fiscal sustainability, and delivering essential services.

The Counter-Narcotics subsection describes U.S. and GIRoA efforts to combat the drug trade in Afghanistan, including interdiction, alternative development, and eradication. It also provides updates on poppy cultivation and narcotics trafficking.

The Anti-Corruption subsection describes U.S. and GIRoA initiatives to combat corruption, including descriptions of anti-corruption agencies and their roles.

**METHODOLOGY**
Section 3 was compiled using information and data from open sources and U.S. agencies. 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. Except for references to SIGAR audits or investigations in the text or in sidebars, SIGAR has not verified this data and it does not reflect SIGAR opinions. For a complete discussion of SIGAR audits and investigations this quarter, see Section 1.

**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
- U.S. Agency for International Development
- U.S. Department of the Treasury

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
- United Nations (and relevant branches)
- International Monetary Fund
- World Bank
- Asia Foundation
- 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.
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.

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.

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

To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. At press time, complete appropriation data for these funds was not available for FY 2011 because Continuing Resolutions were in effect. Some agencies reported amounts received through the Continuing Resolutions; that data is reflected in the graphics for the pertinent fund. As of September 30, 2010, the United States had appropriated approximately $56.10 billion for relief and reconstruction in Afghanistan since FY 2002. This cumulative funding total is based on data reported by agencies and amounts appropriated in FY 2010. This total has been allocated as follows:

- nearly $29.35 billion for security
- more than $16.15 billion for governance and development
- more than $4.49 billion for counter-narcotics efforts
- nearly $2.08 billion for humanitarian aid
- more than $4.03 billion for oversight and operations

Figure 3.1 shows the major U.S. funds that contribute to these efforts.

Note: Numbers affected by rounding. Data is as of 9/30/2010.

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

U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of September 30, 2010, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately $56.10 billion. This total can be divided into five major categories of reconstruction funding: security, governance and development, counter-narcotics, humanitarian, and oversight and operations. For complete information regarding U.S. appropriations, see Appendix B.

As shown in Figure 3.2, cumulative appropriations as of FY 2010 increased by nearly 41.4% over cumulative appropriations as of FY 2009, to approximately $56.10 billion. Since FY 2002, security efforts have received the largest cumulative appropriations. Appropriations for security (nearly $29.35 billion) account for more than 52.3% of total U.S. reconstruction assistance. In FY 2010, security had a large gain in cumulative appropriations over FY 2009 (more than 45.4%), followed by governance and development (nearly 38.7%), and counter-narcotics (more than 27.9%).

Figure 3.3 on the facing page 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 Supplemental Appropriations Act (FY 2010 Supplemental)

The amount provided by the five major U.S. funds represents nearly 82.0% (more than $45.98 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, nearly 84.7% (more than $38.94 billion) has been obligated, and nearly 70.3% (nearly $32.31 billion) has been disbursed. The following pages provide additional details on these funds.
the FY 2010 Department of Defense Appropriations Act (FY 2010 DoD Appropriations Act)
the FY 2010 Departments of Transportation and Housing and Urban Development Related Agencies Appropriations Act (FY 2010 Consolidated Appropriations Act)

As shown in Figure 3.3, appropriations for FY 2010 amounted to nearly $16.42 billion, surpassing FY 2009 levels by more than 57.0%. This is the largest amount appropriated in a single year for the reconstruction effort.

FY 2010 appropriations for security increased by nearly 63.5% over FY 2009 appropriations, to nearly $9.17 billion. Of the total appropriations for FY 2010, security initiatives accounted for more than 55.8%, followed by governance and development with more than 27.4%. Appropriations in FY 2010 for security (nearly $9.17 billion) are the largest appropriations made in a single year for the reconstruction effort since FY 2002.

FIGURE 3.3

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

Notes: Numbers affected by rounding. Data is as of 9/30/2010.
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.24 The primary organization responsible for building the ANSF is the North Atlantic Treaty Organization (NATO) Training Mission - Afghanistan/Combined Security Transition Command - Afghanistan.25

DoD reported that the FY 2011 Continuing Appropriations Act provided nearly $1.57 billion for the ASFF, bringing the total cumulative funding for this fund to more than $29.40 billion.26 Of this amount, more than $25.43 billion has been obligated, of which nearly $23.08 billion has been disbursed.27 Figure 3.4 displays the amounts made available for the ASFF by fiscal year.

DoD reported that cumulative obligations as of December 31, 2010, increased by more than $1.82 billion over cumulative obligations as of September 30, 2010. Cumulative disbursements as of December 31, 2010, increased by more than $1.67 billion over cumulative disbursements as of September 30, 2010.28 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)

Notes: Numbers affected by rounding. FY 2011 funds are operating under a continuing resolution. Funds for the entire fiscal year had not been appropriated at press time.

Source: DoD, response to SIGAR data call, 1/12/2011.

FIGURE 3.5

ASFF FUNDS, CUMULATIVE COMPARISON

($ BILLIONS)

Notes: Numbers affected by rounding. Available data is as of 9/30/2010. FY 2011 funds are operating under a continuing resolution.

Source: DoD, response to SIGAR data call, 1/12/2011.
ASFF Budget Activities

DoD allocates funds to three budget activity groups within the ASFF:29

- Defense Forces (Afghan National Army, ANA)
- Interior Forces (Afghan National Police, 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.30

As of December 31, 2010, DoD had disbursed nearly $23.08 billion for ANSF initiatives. Of this amount, more than $14.80 billion was disbursed for the ANA and nearly $8.16 billion was disbursed for the ANP; the remaining nearly $0.12 billion was directed to related activities.31

As shown in Figure 3.6, of the funds disbursed for the ANA, the largest portion—more than $6.66 billion—supported Equipment and Transportation. Of the funds disbursed for the ANP, the largest portion—more than $2.48 billion—also supported Equipment and Transportation, as shown in Figure 3.7.32

**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

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**FIGURE 3.6**

**ASFF DISBURSEMENTS FOR THE ANA**

By Sub-Activity Group, FY 2005–December 31, 2010 ($ BILLIONS)

- Total: $14.80
  - Equipment and Transportation: $6.66
  - Sustainment: $4.26
  - Training and Operations: $1.40
  - Infrastructure: $2.48

**FIGURE 3.7**

**ASFF DISBURSEMENTS FOR THE ANP**

By Sub-Activity Group, FY 2005–December 31, 2010 ($ BILLIONS)

- Total: $8.16
  - Equipment and Transportation: $2.48
  - Infrastructure: $1.52
  - Sustainment: $2.34
  - Training and Operations: $1.81

Notes: Numbers affected by rounding. Numbers are as of 12/31/2010.

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. Projects with cost estimates exceeding $1.00 million are permitted, but they require approval from the Commander of U.S. Central Command; projects over $5 million require approval from the Deputy Secretary of Defense.

Status of Funds

As of December 31, 2010, DoD reported that the total cumulative funding for CERP amounted to nearly $2.64 billion. DoD reported that of this amount, more than $1.99 billion had been obligated, of which nearly $1.54 billion has been disbursed. Figure 3.8 shows CERP appropriations by fiscal year.

DoD reported that cumulative obligations as of December 31, 2010 increased by more than $64.04 million over cumulative obligations as of September 30, 2010. Cumulative disbursements as of December 31, 2010, increased by more than $205.97 million over cumulative disbursements as of September 30, 2010. Figure 3.9 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

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.
**DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES**

DoD’s Drug Interdiction and Counter-Drug Activities fund (DoD CN) support efforts to stabilize Afghanistan by combating the drug trade and related activities. The DoD CN provides support to the counter-narcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law enforcement—including Afghan Border Police—with specialized training, equipment, and facilities.38

DoD reported no change in funding data as of December 31, 2010, from that reported as of September 30, 2010. The total cumulative funding for DoD CN amounted to more than $1.51 billion.39 Of this amount, more than $1.43 billion had been obligated and disbursed.40 Figure 3.10 displays DoD CN appropriations by fiscal year and Figure 3.11 shows the cumulative amounts appropriated, obligated, and disbursed for DoD CN-funded initiatives.

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**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

**ECONOMIC SUPPORT FUND**

Economic Support Fund programs advance U.S. interests by helping countries meet short- 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.\(^4^1\)

As of December 31, 2010, USAID reported that the total cumulative funding for ESF amounted to more than $11.14 billion.\(^4^2\) Of this amount, more than $9.57 billion had been obligated, of which nearly $6.74 billion had been disbursed.\(^4^3\) Figure 3.12 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of December 31, 2010, increased by nearly $16.45 million over cumulative obligations as of September 30, 2010. Cumulative disbursements as of December 31, 2010, increased by more than $459.83 million over cumulative disbursements as of September 30, 2010.\(^4^4\) Figure 3.13 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.
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 INCLE account. INCLE supports several INL program groups, including police, counter-narcotics, and rule of law and justice. INL reported that the FY 2011 Continuing Appropriations Act provided more than $4.59 million for INCLE initiatives, bringing the total cumulative funding for INCLE to nearly $2.86 billion. Of this amount, nearly $2.47 billion had been obligated, of which more than $1.75 billion has been liquidated. Figure 3.14 displays INCLE allotments by fiscal year.

INL reported that cumulative obligations as of December 31, 2010, increased by more than $47.33 million over cumulative obligations as of September 30, 2010. Updated data as of December 31, 2010, resulted in an approximate $111.03 million decrease from the liquidation figure reported as of September 30, 2010. Figure 3.15 provides a cumulative comparison of amounts allotted, obligated, and liquidated for INCLE.

\[\text{INCLE ALLOTMENTS BY FISCAL YEAR} \quad ($ \text{MILLIONS})\]

\[\text{INCLE FUNDS, CUMULATIVE COMPARISON} \quad ($ \text{BILLIONS})\]

Notes: Data may include inter-agency transfers. Numbers affected by rounding. FY 2011 funds are operating under a continuing resolution. Funds for the entire fiscal year had not been appropriated at press time.


INL FUNDS TERMINOLOGY

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

\textbf{Allotments:} Total monies available for commitments

\textbf{Obligations:} Commitments to pay monies

\textbf{Liquidations:} Monies that have been expended

In addition to assistance provided by the United States, the international community provides a significant amount of funding, to support reconstruction efforts in Afghanistan. The GIRoA uses some of this funding to pay staff salaries. In an audit published last quarter, SIGAR found that neither donors nor the GIRoA could identify how many employees receive support or how much they were paid. A February 2010 estimate from the Ministry of Finance (MoF), based on incomplete data, indicated salary support of more than $45 million for 6,600 civilian employees and technical advisors. This support is not provided through trust funds, the preferred mechanism for providing donor assistance, according to the MoF.

Contributions that are provided through trust funds 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).

**Contributions to the Afghanistan Reconstruction Trust Fund**

As of November 21, 2010, the World Bank reported that the ARTF had funded 17 active projects with a combined commitment value of over $861.00 million, of which $683.27 million has been disbursed. Figure 3.16 and Figure 3.17 show contributions by status and donor as of October 22, 2010. These contributions maintain the trust fund's status as the largest contributor to the GIRoA budget for both operating costs and development programs.

Contributions are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window. According to the January 2011 “Quarterly Country Update,” disbursements from the RC Window amounted to $2.15 billion as of November 21, 2010. The RC Window supports the operating costs of the GIRoA because domestic revenues continue to be insufficient to support its recurring costs. The Investment Window supports the costs of development programs. The World Bank reported that the disbursement rates for the Investment Window have been high—79% of total investments as of November 21, 2010.
**ARTF CONTRIBUTIONS FOR SY 1389 BY DONOR, AS OF OCTOBER 22, 2010**

($ MILLIONS)

<table>
<thead>
<tr>
<th>Donor</th>
<th>Total Commitments</th>
<th>Total Paid In</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>215</td>
<td>118</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>0</td>
<td>67</td>
</tr>
<tr>
<td>Germany</td>
<td>0</td>
<td>33</td>
</tr>
<tr>
<td>Norway</td>
<td>0</td>
<td>39</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0</td>
<td>33</td>
</tr>
<tr>
<td>Canada</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Sweden</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Australia</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Spain</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>Others</td>
<td>14</td>
<td>19</td>
</tr>
</tbody>
</table>

**ARTF CONTRIBUTIONS FOR SY 1389, AS OF OCTOBER 22, 2010**

Proportion of Amounts Paid In to Amounts Committed

($ MILLIONS)

Total Commitments: $954

Total Paid In: $356

Remaining: $599

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

The Combined Security Transition Command - Afghanistan reported that as of October 2010, the United States had contributed approximately $545.6 million to the LOTFA. A large portion of these funds paid the salaries of approximately 113,572 ANP personnel—a principal priority of the trust fund.

The LOTFA is currently in its sixth phase, which is effective from January 1, 2011, through March 31, 2013.
This quarter, the White House released its annual review of U.S. strategy on Afghanistan and Pakistan. The review reiterated two core objectives: to deny al-Qaeda a safe haven and to deny the Taliban the ability to overthrow the Government of the Islamic Republic of Afghanistan (GIRoA). It reported that in some areas al-Qaeda leadership has been weakened and Taliban momentum has been arrested; however, these gains were characterized as “fragile and reversible.” The Administration found that conditions are being set that will enable the Afghan National Security Forces (ANSF) to assume the security lead in early 2011 and “a responsible, conditions-based U.S. troop reduction in July 2011.”

A declaration by the heads of members of the North Atlantic Treaty Organization (NATO) in November 2010 also pointed to early 2011—after a joint GIRoA/NATO assessment—as the starting point for transitioning responsibility and leadership for security to the Afghans. Like the White House review, the Lisbon declaration emphasized that the transition will be “conditions-based” and “not calendar driven.” During the summit, NATO leaders expressed ongoing commitment to the mission in Afghanistan and anticipated that Afghan forces will assume “full responsibility for security across the whole of Afghanistan” toward the end of 2014.

As of December 31, 2010, the United States had appropriated nearly $29.35 billion for security. Most of these funds were appropriated through the Afghanistan Security Forces Fund (ASFF) and provided through the Combined Security Transition Command - Afghanistan (CSTC-A) for building, equipping, training, and sustaining the ANSF.

**SECURITY GOALS**

This quarter, the force strength of the ANSF was 265,137, according to CSTC-A: 149,553 in the Afghan National Army (ANA) and 115,584 in the Afghan National Police (ANP). Although the number of assigned personnel increased for the ANA, it declined for the ANP because of a recalculation of ANP assigned force strength based on a new quantitative method. Several factors—including a reassessment of how personnel in training and personnel categorized as “enablers” are counted—contributed to the lower number and were the impetus for the development of the new method. In an ongoing audit, SIGAR is evaluating the extent to which the ANP has developed accurate systems for personnel accounting; for more information, see Section 1, p. 15.

**SIGAR AUDIT**

In its audit of an ASFF-funded program to build and maintain ANSF facilities, SIGAR found that, despite the considerable funding ($11.4 billion through FY 2012) and large number of facilities (nearly 900 provided or planned), CSTC-A had not developed a long-term construction plan, thus placing the program at risk of not meeting ANSF strategic and operational needs. For more information, see Section 1, p. 5.

“ISAF and the Afghan government have...adopted a robust partnering plan that has accelerated tactical-level development of Afghan forces’ leadership and units, although significant development challenges remain.”

—“Overview of the Afghanistan and Pakistan Annual Review”

In January 2010, the Joint Coordination and Monitoring Board (JCMB) called for the ANSF to reach 305,600 personnel by October 31, 2011. Table 3.1 shows changes in ANSF force strength against security goals since last quarter.

**SECURITY HIGHLIGHTS**

According to the U.S. Department of Defense (DoD), progress across Afghanistan remains uneven. In key operational areas, such as those around Kabul and in Helmand where coalition forces had a robust presence in the second half of 2010, DoD reported moderate progress in improving security. In his December 2010 quarterly report to the Security Council, the United Nations (UN) Secretary-General reported that anti-government elements have expanded into the northern parts of the country, where there is a smaller international military presence, and have sustained high levels of activity there.

As noted in SIGAR’s October 2010 quarterly report, President Hamid Karzai decreed in August 2010 that all national and international private security contractors (PSCs) would be disbanded within four months. On December 6, 2010, two weeks before the decision would have taken effect, the Afghan Ministry of Interior (MoI) announced that PSCs could continue to operate, although with some restrictions that prevent them from conducting roadblocks and searches, actions that fall within the authority of Afghan law enforcement agencies.

**SECURITY INCIDENTS**

In his December 2010 report, the UN Secretary-General stated that the number of security incidents this quarter was 66% higher than during the same period in 2009, but that the number of incidents decreased after the recent national election. Other security incidents included the continued use of improvised explosive devices, abductions, and assassinations against civilians by anti-government elements. In addition, the Secretary-General reported that abductions of NGO staff and suicide attacks continue. During the quarter, suicide attacks occurred three times a week on average, mainly targeting international military forces, police, and government officials; complex suicide attacks also continued, primarily targeting large international military bases.

**TABLE 3.1**

<table>
<thead>
<tr>
<th>Priority</th>
<th>Current Goal</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghan National Army</td>
<td>134,000 troops by 10/2010</td>
<td>149,553 troops (as of 12/21/2010)</td>
</tr>
<tr>
<td></td>
<td>171,600 troops by 10/2011</td>
<td></td>
</tr>
<tr>
<td>Afghan National Police</td>
<td>109,000 personnel by 10/2010</td>
<td>115,584 personnel (as of 11/21/2010)</td>
</tr>
<tr>
<td></td>
<td>134,000 personnel by 10/2011</td>
<td></td>
</tr>
</tbody>
</table>

Notes: Numbers affected by rounding.
AFGHAN NATIONAL ARMY

As of December 21, 2010, the ANA’s strength was 149,553 personnel—an increase of 11,389 since September 22, 2010—according to CSTC-A. The ANA’s goal is to reach 171,600 personnel by October 2011 and 240,000 by October 2013.71

Of the current total, 85,804 personnel were assigned specifically to the ANA’s six corps, the Special Operations Force (SOF) division, and the 111th Capital Division, as of December 30, 2010—according to a recent International Security Assistance Force (ISAF) Joint Command (IJC) assessment based on Ministry of Defense (MoD) reporting.72 This is a small increase (445) since September 30, 2010.73 As of December 20, 2010, the number of personnel authorized by the MoD’s most recent tashkil for the ANA’s six corps, the SOF division, and the 111th Capital Division is 96,604.74

However, the number of assigned troops does not necessarily equal the number of troops present for duty, as shown in Figure 3.18. Troops who are absent without leave (AWOL) make up a significant share of the percentage of troops who are not available for duty, as shown in Figure 3.19. According to IJC, the ANA is addressing attendance issues; as of November 2010, the MoD had empowered ANA commanders to take steps to reverse negative trends and increase attendance.75

FIGURE 3.18
ANA PERSONNEL STRENGTH, SELECTED COMPONENTS, ON DECEMBER 30, 2010

FIGURE 3.19
ANA PERSONNEL PRESENCE, SELECTED COMPONENTS, ON DECEMBER 30, 2010 (PERCENT)
As of November 12, 2010, the ANA had 155 “kandaks” or battalions, an increase of 42 since May 2010, according to the latest Commander’s Unit Assessment Tool (CUAT) provided by IJC. Since the September 2010 CUAT cycle, two kandaks—one from the 111th Capital Division and one from the 205th Corps—had demonstrated the ability to operate independently. In addition, 35 kandaks showed increased readiness from September to November 2010.76

According to IJC, the ANA participated in 202 major operations and 18,169 partnered patrols from November 15 to December 21, 2010.77

**ANA Training**

During this quarter, 28,515 ANA personnel graduated from a wide range of training programs funded by the ASFF, according to CSTC-A. Of that number, 3,514 graduated from development courses for noncommissioned officers, and 918 graduated from courses designed to train new officers or develop the skills of current officers. More than half of this quarter’s graduates had completed the ANA’s basic warrior training program, as shown in Figure 3.20. Several of these programs included a component for literacy training. According to CSTC-A, three contractors are providing literacy training for the ANA and the ANP. Two are Afghan-owned; the third, OT Training Solutions, uses Afghan subcontractors. These contracts cover an initial year (until September 2011) and have four one-year options, with a total budget forecasted at $243 million. CSTC-A stated that the ANA’s goal is to have 30,000 personnel in training by December 2010 and 60,000 in training by July 2011.78

![Afghan army soldiers receive weapons training during boot camp at Camp Clark, in Paktika province, in November 2010. This quarter, more than 28,500 ANA personnel graduated from a wide range of training programs funded by the ASFF. (ISAF photo, SSG Romain Beaulinette, French Army)](image)

**FIGURE 3.20**

**ANA TRAINING GRADUATES BY PROGRAM**

<table>
<thead>
<tr>
<th>Training Program</th>
<th>Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Warrior Training</td>
<td>14,862</td>
</tr>
<tr>
<td>NCO Development</td>
<td>3,514</td>
</tr>
<tr>
<td>Other Training Programs</td>
<td>5,104</td>
</tr>
<tr>
<td>Consolidated Fielding Center</td>
<td>5,035</td>
</tr>
<tr>
<td>Infantry Basic School</td>
<td>1,061</td>
</tr>
<tr>
<td>Up-Armored HMMW Training</td>
<td>779</td>
</tr>
<tr>
<td>Counter-Insurgency Training Course</td>
<td>598</td>
</tr>
<tr>
<td>Officer Candidate School</td>
<td>558</td>
</tr>
<tr>
<td>Kabul Military High School</td>
<td>379</td>
</tr>
<tr>
<td>Officer Development Course</td>
<td>360</td>
</tr>
<tr>
<td>Mujahedeen Integration Course</td>
<td>309</td>
</tr>
<tr>
<td>Other Specialized Training</td>
<td>1,060</td>
</tr>
</tbody>
</table>

Notes: Graduates as of 12/30/2010. HMMW = high mobility, multi-purpose wheeled vehicle.

a. At the Consolidated Fielding Center, units form, equip, and conduct initial collective training.
b. The Counter-Insurgency Training Course includes coalition forces (civilian and military) as well as ANA.

In November, more than 1,300 ANA recruits graduated from Basic Warrior Training in Kandahar, according to the NATO Training Mission - Afghanistan (NTM-A). The graduates are to be deployed to the southern provinces of Uruzgan, Helmand, Kandahar, and Zabul. Basic Warrior Training is an intensive eight-week course in which students receive instruction in military drilling, weapons familiarization, tactics, physical fitness, and literacy.79

NTM-A also stated that on November 4, 2010, more than 4,560 men and women competed for the 600 seats in the National Military Academy of Afghanistan’s class of 2015. The academy, located in Kabul, was modeled after the U.S. Military Academy.80

On December 8, 2010, the 209th Corps opened an engineering school in Balkh, to train ANA engineers in explosive ordnance disposal and repair of damaged infrastructure, according to the November CUAT report provided by IJC. In addition, the Afghan Sergeants Major Academy graduated 23 ANA and ANP sergeants major in mid-December; they will return to their units. This was the last class led by NTM-A instructors. Future courses will be taught by Afghans, IJC stated.81

Women in the ANA
The number of women serving in the ANA has not changed since last quarter, according to CSTC-A. As of December 31, 2010, there were 299 women—195 officers and 104 NCOs. A new class of 16 female candidates began officer training on December 18, 2010. According to CSTC-A, the ANA’s policy is to recruit enough female personnel to constitute up to 10% of its projected end strength.82

ANA Infrastructure
This quarter, 14 new infrastructure projects were awarded (valued at $130.5 million), 53 were ongoing (nearly $1.1 billion), 2 were completed ($7.1 million), and 6 were terminated ($97 million), according to CSTC-A. These projects provide buildings and equipment that are necessary for the support, redeployment, and operations of the ANA. They include barracks, headquarters, training buildings and ranges, administrative spaces, warehouses and storage buildings, and maintenance facilities.83

The largest projects include an ANA garrison in Paktika, which has an $88.7 million cost to complete and is scheduled to be finished on September 30, 2011, and the Afghan Defense University in Kabul, which has an $82.8 million cost to complete and is scheduled to be finished on November 10, 2011.84 This quarter, SIGAR announced new audits of contracted infrastructure projects at the Kabul Military Training Center and of construction at the Afghan Defense University; for more information, see Section 1, page 12.

On November 1, 2010, ITT Corporation took over responsibility for operations and maintenance (O&M) for 110 ANA installations in all 34 provinces after being awarded two O&M contracts by the U.S. Army Corps of Engineers (USACE) in July 2010. The two contracts—one for facilities in the northern region, and one for facilities in the southern region—are valued at approximately $800 million over a five-year period. They also cover ANP police stations. Part of the contract

SIGAR AUDIT
In its audit of a program to build and maintain nearly 900 ANSF facilities, SIGAR found that CSTC-A had not developed a long-term construction plan that identifies how facility projects meet Afghan security objectives, identifies gaps in the ability of current facilities to meet security objectives, and evaluates how planned facilities will help eliminate those gaps. For more information, see Section 1, p. 5.
includes an agreement that ITT Corporation will provide Afghan workers with training in facility management and trades, including carpentry, plumbing, and electrical work. ITT Corporation is expected to employ 4,000 workers initially, approximately 80% of whom will be locally hired Afghans. According to USACE, the number of ANSF facilities is increasing at a rate of approximately 10 per month. ITT Corporation will take over O&M responsibilities at new facilities as they open.85 Oversight of O&M contracts is part of SIGAR’s FY 2011 audit plan; for more information, see Section 1, p. 6.

ANA Equipment
As of January 5, 2011, NATO and the international community have equipped the ANSF with more than 450,000 weapons and more than 50 aircraft, according to NTM-A/CSTC-A. Coalition forces have purchased and provided the following:86

- equipment, such as M-16 rifles, 9mm pistols, high-mobility multi-purpose wheeled vehicles (HMMWVs), and light tactical vehicles
- aircraft, such as C-27 cargo planes and Mi-17 helicopters
- specialized equipment, such as night-vision goggles and radios

In an ongoing audit, SIGAR is reviewing accountability for ANSF vehicles provided by the United States; for more information, see Section 1, p. 15.

From October 1 to December 31, 2010, the ANA fielded 3,835 weapons, 392 vehicles, and 1,316 radios, with a cumulative value of $410 million, according to CSTC-A. The majority of the equipment fielded by the ANA has come from the United States, funded through the ASFF, in pseudo-FMS purchases. According to CSTC-A, some former Warsaw Pact weapons are still being procured from countries such as Bulgaria, Ukraine, and Bosnia, but these weapons are procured through contracts awarded by U.S. Army contracting offices. Other mechanisms or processes for getting equipment to the ANA include


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**TABLE 3.2**

<table>
<thead>
<tr>
<th>ANA WEAPONS, VEHICLES, AND RADIOS FIELDED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Equipment</strong></td>
</tr>
<tr>
<td><strong>Weapons</strong></td>
</tr>
<tr>
<td>M16A4 rifle</td>
</tr>
<tr>
<td>Other weapons</td>
</tr>
<tr>
<td><strong>Vehicles</strong></td>
</tr>
<tr>
<td>Light and medium tactical vehicles</td>
</tr>
<tr>
<td>Up-armored HMMWV(^a)</td>
</tr>
<tr>
<td><strong>Radios</strong></td>
</tr>
<tr>
<td>VHF radios(^b)</td>
</tr>
<tr>
<td>HF radios(^c)</td>
</tr>
</tbody>
</table>

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\(^a\) 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.

cross-leveling (between the ANA and the ANP), the Excess Defense Articles program, and donations from other countries.  

Across all categories, less equipment was fielded to the ANA this quarter than last, as shown in Table 3.2. IJC noted a shift in focus from building the ANA to building the ANP.

AFGHAN NATIONAL POLICE

According to the United Nations Development Programme (UNDP), eligible ANP salaries, food allowances, and other priority projects are paid by the Law and Order Trust Fund for Afghanistan (LOTFA) through reimbursements to the Ministry of Finance. Last quarter, the LOTFA reimbursed payments for 113,572 ANP personnel. As of October 2010, the U.S. contribution to the LOTFA was approximately $545.6 million, according to CSTC-A. For more information on the LOTFA, see “Status of Funds” in this report.

As of November 21, 2010, the total force strength of the ANP was 115,584, according to IJC. More than 460 police units provide police services in more than 360 precincts. These units are mentored and partnered with coalition forces and receive training in marksmanship, criminal investigations, forensics, and traffic control. The ANP includes the Afghan Uniform Police (AUP), the Afghan Border Police (ABP), and the Afghan National Civil Order Police (ANCOP). ANP component strength is based on a November 21, 2010 assessment, as shown in Table 3.3.

According to CSTC-A, the previous method of quantifying the ANP's assigned force strength, which is based on data received from the MoI, resulted in exaggerated figures. Among the reasons for this result, CSTC-A stated, was the double counting of more than 10,000 ANP enablers (personnel assigned to traffic, fire and rescue, medical, training/education, counter-intelligence, counter-narcotics, intelligence, and counter-terrorism units) over a 24-month reporting period. In addition, CSTC-A stated that the total ANP end strength had excluded

<table>
<thead>
<tr>
<th>TABLE 3.3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ANP FORCE STRENGTH, AS OF NOVEMBER 21, 2010</strong></td>
</tr>
<tr>
<td>Authorized (Tashkil)</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td><strong>ANP (Total Strength: 115,584)</strong></td>
</tr>
<tr>
<td><strong>Breakdown By ANP Components</strong></td>
</tr>
<tr>
<td>AUP</td>
</tr>
<tr>
<td>ABP</td>
</tr>
<tr>
<td>ANCOP</td>
</tr>
<tr>
<td>Other Units</td>
</tr>
</tbody>
</table>

Note: — = not available.

a. Includes personnel assigned to MoI headquarters, anti-crime, training, counter-narcotics, logistics, medical, fire, and customs units; numbers based on difference between total ANP authorized and assigned figures and authorized and assigned totals for each ANP component.
b. Includes over-tashkil and initial entry students still in training, but not 7,605 non-tashkil personnel assigned to units funded by other sources or 761 assigned to the Afghan Public Protection Force.

approximately 9,000 “over-tashkil” personnel (that is, numbers in excess of the ANP’s authorized strength) and recruits and trainees. In an ongoing audit, SIGAR is evaluating the extent to which the ANP has developed accurate systems for personnel accounting; for more information, see Section 1, p. 15.

According to IJC, 33% of AUP personnel and 23% of ABP kandaks showed an increase in readiness from September to November 2010. In addition, four ANP units were operating independently. IJC noted that challenges to building and maintaining the ANP include low present-for-duty (PDY) rates, an inconsistent and uneven assignment process, and a backlog of untrained personnel. IJC stated that possible solutions include enhancing the process for reporting and validating PDY rates, ensuring that ANP assignments meet standards for transparency, and continuing to reform training efforts.

**ANP Training**

This quarter, 9,066 ANP personnel graduated from training courses, according to CSTC-A; 3,826 of them completed the AUP basic patrolman course and 1,953 graduated from a three-year course for ANP officers, as shown in Figure 3.21. Of the graduates this quarter, CSTC-A noted that 5,033 were assigned to AUP, 1,506 to the ABP, and 1,263 to the ANCOP.

In November 2010, there were 17,533 ANP personnel in literacy training, according to CSTC-A. As mentioned earlier, three contractors are providing literacy training for the ANP and the ANA; two are Afghan-owned, and the third uses Afghan subcontractors. These contracts cover an initial year (until September 2011) and have four one-year options, with a budget estimated at $243 million.

**FIGURE 3.21**

**ANP TRAINING GRADUATES BY PROGRAM**

Graduates: 9,066

- AUP Basic Patrolman: 3,826
- Three-Year Officer’s Course: 1,953
- ABP Course: 1,641
- ANCOP NCO: 770
- AUP NCO: 330
- Driver’s Training: 205
- Other Specialized Training: 341

CSTC-A stated that the ANP’s goal is to have 20,000 personnel in training by December 2010 and 40,000 in training by July 2011.98

On December 1, 2010, more than 395 ANCOP personnel completed 16 weeks of instruction at the Central Training Center, according to NTM-A/CSTC-A. The training was conducted by Italian Carabinieri in tandem with ANP instructors.99

**ANP Literacy**

Achieving literacy among ANP personnel remains a challenge. As noted in SIGAR’s October 2010 quarterly report, CSTC-A has estimated that about 4.5% of ANP personnel are literate, based on random tests and sampling.100 According to NTM-A, literacy figures for the entire force are not available; however, a test administered in November to 7,771 new ANP recruits revealed that only 2.24% were literate (174 recruits received a passing grade). The overall goal is for all ANP personnel to attain third-grade reading proficiency (by Afghan educational standards); however, no timeline for reaching this goal has yet been set.101

Members of the ANCOP, the ANP’s elite police unit, are required to be literate. As noted in SIGAR’s October 2010 quarterly report, however, a sampling of 242 ANCOP personnel suggested that about 5% of the entire unit is literate. In November, 1,456 ANCOP recruits were tested; 4 received passing grades—a rate of 0.27%. NTM-A, the NATO mission responsible for much of the ANSF’s training, recently revised the entry procedure for the ANCOP. Semi-literate candidates (those who can read at a first-grade level) now can join the ANCOP but cannot enter the operational force until they have completed an intensive four-week training course to bring them up to a second-grade reading ability. In addition, literacy training is now incorporated into the 14-week training course for ANCOP NCOs, to ensure that they can read at a third-grade level.102

According to NTM-A, 17,553 ANP personnel were in literacy training in November 2010, approaching the goal of having 20,000 in training by December 2010. By July 2011, a total of 40,000 ANP personnel are expected to be in literacy training.103 In October 2010, a contract for literacy training was put in place to meet the demand for training approximately 70,000 ANP personnel. In November 2010, NTM-A committed $765,000 to ANP literacy training, of which $78,000 was set aside specifically for the ANCOP. The five-year budget forecast for the entire ANSF literacy program is approximately $487 million, as reported by NTM-A (approximately $752.8 million).104

**Women in the ANP**

As of December 31, 2010, there were 1,241 women serving in the ANP—50 more than CSTC-A reported last quarter:105

- 185 officers
- 430 NCOs
- 362 enlisted women
- 264 civilians

According to CSTC-A, the Gender Affairs Department of the MoI created a working group to add an additional 1,000 female-coded positions to the spring
2011 (solar year [SY] 1389) tashkil. Also, when ANP Recruiting Command stood up in spring 2010 (at the beginning of SY 1389) it included a women’s recruiting directorate. When the female-coded tashkil positions are announced, the new directorate will lead a recruiting campaign to meet the new goals. CSTC-A noted that the MoI’s goal is to have 5,000 women in the ANP by 2014. CSTC-A and the MoI have developed a plan to review the tashkil in order to verify true recruiting requirements nationwide. This will involve painstaking analysis of every unit’s tashkil for female positions, to compare numbers authorized and assigned.

**ANP Infrastructure**

This quarter, DoD awarded 4 new infrastructure projects valued at $26.1 million. In addition, 173 projects were ongoing ($688.9 million), 14 were completed ($34.6 million), and 5 were terminated ($28.9 million), according to NTM-A/CSTC-A. These projects comprise district and company headquarters, and command, logistical, and training centers. The largest projects (both located in Wardak) include a national police training center, which is valued at $95.6 million and scheduled to be finished on April 24, 2011, and a national logistics center, which is valued at $40.1 million and scheduled to be finished on May 28, 2011.

On November 1, 2010, ITT Corporation took over O&M responsibilities for 219 ANP police stations in all 34 provinces. As mentioned earlier in this section, these contracts also cover ANA facilities. ITT Corporation will take over O&M responsibilities at new facilities as they open. Oversight of O&M contracts is part of SIGAR’s FY 2011 audit plan; for more information, see Section 1, p. 6.

**ANP Equipment**

From October 1 to December 31, 2010, the ANP fielded 9,639 weapons, an increase of 50% over the number fielded last quarter. Most (68%) were AK-47 assault rifles. In addition, the ANP fielded 1,532 vehicles and 579 radios. According to CSTC-A, the cumulative value of this equipment is approximately $303 million. In an ongoing performance audit, SIGAR is reviewing the accountability for ANSF vehicles provided by the United States; for more information, see Section 1, p. 15.

CSTC-A noted that most of the equipment fielded by the ANP has come from the United States, funded through the ASFF, in pseudo-FMS purchases. As is the case in the ANA, some former Warsaw Pact weapons are still being procured from countries such as Bulgaria, Ukraine, and Bosnia, but these weapons are procured through contracts awarded by U.S. Army contracting offices. Other mechanisms or processes for getting equipment to the ANP include cross-leveling (between the ANP and ANA), the Excess Defense Articles program, and donations from other countries. Goals and benchmarks for equipping the ANP change based on current conditions and the strategic needs of the ANP. Overall, more equipment was fielded to the ANP this quarter than last, as shown in Table 3.4.

According to IJC, rapid growth of the ANP—owing to a shift in focus from building the ANA to building the ANP—is putting pressure on equipment availability in the field. The increase in personnel is outpacing the fielding of
equipment to the Regional Commands. IJC stated that possible solutions include filling vacant combat support positions in the tashkil; requiring fielded units to adopt the most current logistical systems; and working with regional support commands, ISAF, and the MoI to prioritize operational fielding support.112

**ANP Local Initiatives**

The Afghan Local Police (ALP) program embeds Afghan and U.S. personnel in rural communities to establish village-level police services, improve security, connect villages with district and provincial government institutions, and provide development assistance, according to DoD. These small, defensive forces, which President Karzai established in August 2010, are supported by local shuras (councils), but are controlled by the GIRoA.113

As of December 31, 2010, the GIRoA and ISAF had established 14 ALP sites (an increase of 6 since September), located to ensure balanced ethnic, tribal, and geographic representation. The ALP program—in conjunction with Village Stability Operations (VSO)—focuses on communities that have resisted the Taliban and other insurgents, especially in areas that have had limited ANSF and ISAF presence. A key component is the deployment of ANA Special Forces at a number of sites, to facilitate security, development, and governance.114 For more information on VSO, see “Governance” in this report.

According to DoD, the ALP has produced some positive results and metrics, though the security situation remains fragile in many areas.115 As of December 31, 2010, the ALP had established security over an area of 12,500 square kilometers. DoD stated that the ALP is weakening the influence of the Taliban over communities, and that senior Taliban leaders, including Mullah Mohammad Omar, have expressed concern that ALP sites are undermining their rural support base. In Omar’s home province, Uruzgan, ALP sites have helped expand the reach of security efforts. They have also had success in parts of neighboring Daykundi, Zabul, and Kandahar.116

### TABLE 3.4

**ANP WEAPONS, VEHICLES, AND RADIOS FIELDED**

<table>
<thead>
<tr>
<th>Type of Equipment</th>
<th>Quarter Ending 9/30/2010</th>
<th>Quarter Ending 12/31/2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Weapons</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AK-47 assault rifle</td>
<td>4,345</td>
<td>6,575</td>
</tr>
<tr>
<td>Other weapons</td>
<td>2,074</td>
<td>3,064</td>
</tr>
<tr>
<td><strong>Vehicles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Light and medium tactical vehicles</td>
<td>988</td>
<td>1,296</td>
</tr>
<tr>
<td>Up-armed HMMWVa</td>
<td>192</td>
<td>216</td>
</tr>
<tr>
<td><strong>Radios</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VHF radiosb</td>
<td>1,128</td>
<td>579</td>
</tr>
<tr>
<td>HF radiosc</td>
<td>53</td>
<td>0</td>
</tr>
</tbody>
</table>

a. Up-armed 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.

DoD noted challenges to these efforts. For example, the Taliban and other insurgents have intimidated and committed violence against residents at ALP sites. Compounding this, ongoing intra-tribal and inter-tribal tensions have forced the GIRoA to mediate disputes. Notwithstanding these issues, the GIRoA continues to establish counter-measures to insurgent actions and adopt long-term solutions to local-level challenges, with U.S. support, according to DoD.117

The GIRoA planned for the ALP to operate for two to five years, at which point ALP members are expected to be demobilized or transitioned into the ANSF. In provinces such as Helmand, ALP members are transitioning into the ANP, according to DoD.118

**U.S. Support for the Ministry of Interior**

The Security Assistance Office - Afghanistan (SAO-A), part of NTM-A/CSTC-A, has been providing audits to the MoI’s Procurement Department since July 24, 2010. SAO-A has completed six contracting-related audits, covering procurement planning, bidder eligibility, procurement proceedings, contract award procedures, contract administration, and payment functions. In these audits, SAO-A found that the lack of facilities and equipment—such as office space, office furniture, file storage, computers, copiers, and a modern procurement system—caused the MoI to expend an inordinate amount of effort to solicit bids, make contract awards, and administer contracts. Furthermore, lack of work space resulted in a lack of transparency: each office maintained only the paper files essential for the specific function it executes.119

The Procurement Department processes contracts for food, firewood, clothing, office equipment, vehicle fuel, building rentals, and construction and repairs. CSTC-A plans to transfer the responsibility for procuring an additional $186 million in new requirements to the Procurement Department in SY 1390 (2010/2011)—an approximate 133% increase over what the department procured in SY 1388.120

**U.S. FORCES**

According to USFOR-A, 101,872 U.S. forces were serving in Afghanistan as of December 31, 2010—1,855 fewer than reported last quarter. These forces were assigned as follows:121
- 78,322 to ISAF
- 3,415 to NTM-A/CSTC-A
- 10,316 to USFOR-A
- 9,819 to other assignments (unspecified)

**REMOVING UNEXPLODED ORDNANCE**

Since 2002, the U.S. Department of State (DoS) has provided more than $371.6 million in funding for Non-Proliferation, Anti-Terrorism, Demining, and Related (NADR) programs to Afghanistan, according to the U.S. Office of Management and Budget. That funding has increased significantly since 2007, as shown in Table 3.5.122

![Table 3.5](image-url)
According to DoS, the Conventional Weapons Destruction (CWD) program provides direct funding to five Afghan non-governmental organizations (NGOs), four international NGOs, and one U.S. company (DynCorp International) for sustained clearance operations, removal and mitigation of abandoned and at-risk conventional weapons (to prevent their use by insurgents), and development of Afghan technical and managerial capacity. The DoS Bureau of Political-Military Affairs’ Office of Weapons Removal and Abatement (PM/WRA), which manages the program in Afghanistan, reported that this assistance includes the destruction of excess, unserviceable, and at-risk ANSF weapons and ordnance. The program also provides technical assistance for the physical security and stockpile management of serviceable, on-hand ANSF weapons and ordnance.123

The PM-WRA stated that, from October 1, 2009, to September 30, 2010, more than 39.3 million square meters of land had been cleared by DoS-funded implementing partners, as shown in Table 3.6. This accounts for nearly 20% of the 199.8 million square meters that have been cleared since 1997. In addition, these partners have destroyed or removed more than 12,542 metric tons of stockpiled, abandoned, at-risk, or unserviceable ordnance and ammunition.124 According to CWD performance metrics provided by the PM-WRA, the contaminated area in Afghanistan was reduced from approximately 670.7 million square meters to approximately 650.7 million square meters from December 31, 2009, to September 30, 2010.125

According to DoS, the UN’s Mine Action Coordination Center of Afghanistan (MACCA) has revised its strategic goals and near-term objectives to reflect a reduced level of donor support. Consequently, MACCA has revised the anticipated time required to clear 90% of all known areas contaminated by mines and explosive remnants of war. The new goal for achieving this target is 2015. MACCA projections indicate that 70% of hazards will be reduced by March 2013. According to DoS, this projection is based on an assumption of sustained combined U.S. and international donor funding of no less than $80 million per year.126

### TABLE 3.6

**CONVENTIONAL WEAPONS DESTRUCTION PROGRAM METRICS: OCTOBER 1, 2009–SEPTEMBER 30, 2010**

<table>
<thead>
<tr>
<th>Date Range</th>
<th>AT/AP Destroyed</th>
<th>UXO Destroyed</th>
<th>SAA Destroyed</th>
<th>Fragments Cleared</th>
<th>Minefields Cleared (m²)</th>
<th>Estimated Contaminated Areas Remaining (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/1–12/31/2009</td>
<td>4,649</td>
<td>140,480</td>
<td>58,651</td>
<td>1,055,683</td>
<td>19,289,205</td>
<td>670,710,000</td>
</tr>
<tr>
<td>1/1–3/31/2010</td>
<td>2,455</td>
<td>1,943</td>
<td>129,557</td>
<td>603,957</td>
<td>6,475,318</td>
<td>664,235,000</td>
</tr>
<tr>
<td>4/1–6/30/2010</td>
<td>2,853</td>
<td>249,946</td>
<td>217,901</td>
<td>968,887</td>
<td>4,464,926</td>
<td>659,770,000</td>
</tr>
<tr>
<td>7/1–9/30/2010</td>
<td>3,922</td>
<td>270,793</td>
<td>1,196,158</td>
<td>1,710,708</td>
<td>9,108,108</td>
<td>650,662,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,879</strong></td>
<td><strong>663,162</strong></td>
<td><strong>1,602,267</strong></td>
<td><strong>4,339,235</strong></td>
<td><strong>39,337,557</strong></td>
<td><strong>650,662,000</strong></td>
</tr>
</tbody>
</table>

Notes: AT/AP = anti-tank/anti-personnel ordnance. UXO = unexploded ordnance. SAA = small-arms ammunition.

GOVERNANCE, RULE OF LAW, AND HUMAN RIGHTS

As of December 31, 2010, the United States had provided more than $16.15 billion to support governance and development in Afghanistan. This section focuses on the efforts of the United States, the international community, and the Government of the Islamic Republic of Afghanistan (GIRoA) to improve governance and rule of law, including elections and election reform, local governance, public administration, justice systems, and human rights.

OVERVIEW OF EVENTS

A number of events this quarter affected the progress of efforts to improve governance in Afghanistan. The final results of last quarter’s Wolesi Jirga elections were announced and proved contentious: many disagreed with the actions of the two election commissions. The prolonged controversy created a rift between government officials, politicians, and voters that continued at press time.

Also this quarter, members of the North Atlantic Treaty Organization (NATO) met in Lisbon with officials from the GIRoA to map out a framework for increased GIRoA control of Afghanistan’s security and governance. In addition, the High Peace Council ramped up its efforts to promote reconciliation with and reintegration of former insurgents by choosing a leader and conducting its first outreach events across the country. It is not yet clear how successful these efforts will be, but the U.S. government supports the initiatives.

Elections

On November 24, 2010, after repeated delays, the Independent Election Commission (IEC) announced the official results of last quarter’s elections for the Wolesi Jirga, the lower house of the National Assembly (except for Ghazni province, for which official results were announced on December 1). More than a quarter of the votes were disqualified, and fewer than half of the incumbent members won reelection.

According to the U.S. Department of State (DoS), although irregularities and fraud marred the elections, the IEC and the Electoral Complaints Commission (ECC) worked well overall to administer them. At every stage, however, the Free and Fair Election Foundation of Afghanistan (FEFA) observed many irregularities that it believes necessitate electoral reform. FEFA submitted evidence
to both electoral commissions of 890 “serious” cases of electoral irregularities, including ballot-stuffing, intimidation of voters, use of fake voter cards, and proxy voting. According to FEFA, the electoral process requires a number of improvements:

- greater transparency in the work of electoral institutions
- improved vetting of candidates for ties to insurgents
- greater access to election activities for election observers and candidate representatives
- more protection for those threatened in the election process
- strengthened independence and technical capabilities for the IEC and ECC

The elections created a significant shift in the ethnic representation of the Wolesi Jirga. Ethnic Pashtuns—Afghanistan’s largest ethnic group—lost more than 20 seats. Insecurity in the predominantly Pashtun south and east, and lower levels of Pashtun political organization were the primary reasons for the losses, according to the UN. Those losses were particularly acute in the majority-Pashtun province of Ghazni, where all 11 seats went to Hazara candidates.

**Controversies**

Throughout the quarter, the elections and decisions affecting their outcome provoked controversy. IEC and ECC decisions set off numerous demonstrations by Afghans, many of them supporters of unsuccessful candidates. Afghanistan’s Attorney General, Mohammad Ishaq Aloko, denounced the election results and announced investigations into the conduct of the two commissions and the elections. In early December, the Attorney General arrested some IEC staff members, which sparked concern from the U.S. Agency for International Development (USAID).

The allocation of authority to resolve electoral matters was another source of controversy: the Attorney General’s Office asserted it had a role, although the IEC and ECC claimed they had complete legal authority to make all electoral decisions. The United Nations Assistance Mission in Afghanistan (UNAMA) supported the IEC and ECC. In response, President Hamid Karzai approved the Supreme Court’s proposal to create a special five-member court to resolve disputes related to the elections brought by candidates.

On January 19, 2011, the special court asked President Karzai to postpone the January 23, 2011 inauguration of the National Assembly to give the court more time for its investigations. At press time, it was not yet clear how the court’s request would affect the incoming Wolesi Jirga.

**IEC and ECC Monitoring**

During the election and ballot counting, the IEC conducted audits and fraud detection and correction measures. It also recounted votes from 6,813 polling stations (38.4% of the 17,744 open stations) and subsequently excluded the results from 2,543 stations. Approximately 16% of the polling places were excluded, as shown in Figure 3.22. The IEC reported 413 candidates suspected
of fraud to the ECC for resolution; 62 were sitting members of Parliament. In addition, the IEC accused an unspecified number of its own officials of fraud.\textsuperscript{141} The IEC admitted that it did not sufficiently control some polling centers, which allowed candidates, local commanders, security officials, government staff, and others to commit fraud—sometimes in collusion with IEC staff—to promote specific candidates.\textsuperscript{142}

The ECC and the 34 Provincial Electoral Complaints Commissions (PECCs) received 5,860 complaints, 2,724 of which were deemed serious enough to possibly affect results. The ECC’s investigations resulted in the disqualification of 118 candidates. The ECC also invalidated votes from 334 polling stations, in addition to those invalidated by the IEC. In total, the IEC and ECC invalidated some or all of the votes from 2,891 audited stations. These actions invalidated more than 1.3 million votes; almost 4.3 million votes were deemed valid.\textsuperscript{143} The ECC also investigated numerous allegations against candidates accused of campaign finance abuses. As a result, 878 candidates were fined for such infractions as receiving campaign donations in excess of permitted amounts and incurring campaign expenses that were greater than the value of their registered property.\textsuperscript{144}

**Results of U.S. Support for Election Administration**

U.S. support for the IEC helped the commission recruit and train approximately 105,000 polling staff members, 3,100 project staff members, and 3,150 district field coordinators. During a two-month program conducted with U.S. assistance, the IEC registered more than 377,000 voters. U.S. assistance helped the ECC recruit and train 500 staff to conduct investigations, case management, and legal adjudication. To increase awareness and participation in the elections, the United States helped 2,000 civil educators lead voter forums and press training on how best to cover elections, as well as on the roles of government and its citizens.\textsuperscript{145}

As reported in SIGAR’s October 2010 quarterly report, the operating budget for the elections was $149.6 million. Funding for the operating budget was provided by the United States and international donors through the United Nations Development Programme. At press time, the final cost had not yet been determined. USAID’s Afghanistan Presidential and Provincial Elections Observation Program, which had obligated $15.2 million and expended more than $13 million as of December 31, 2010, funded four international observer missions: Democracy International, National Democratic Institute, International Republican Institute, and the Asia Foundation’s Asian Network for Free Elections. These four missions provided 301 short-term and long-term observers in all but five provinces—Nimroz, Uruzgan, Daykundi, Laghman, and Kunar. USAID stated that the lack of security was the greatest challenge to observing these elections.\textsuperscript{146}

USAID’s Supporting Increased Electoral Participation program funded monitoring of the election and its aftermath by the National Democratic Institute, which issued a number of recommendations to improve future elections:\textsuperscript{147}

- The Wolesi Jirga should approve the appointment of IEC commissioners.
- The Wolesi Jirga should secure the independence of the ECC.

**SIGAR AUDIT**

In an audit report published in September 2009, SIGAR found that the IEC faced significant challenges, particularly for the 2010 parliamentary elections, because it lacked the resources to undertake elections without continued international support. For more information, see SIGAR, Audit 9-6, “Strategy and Resources Needed to Sustain Afghan Electoral Capacity,” available at www.sigar.mil.
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• The Wolesi Jirga should launch a comprehensive review of the electoral process.
• The GIRoA should vigorously prosecute those responsible for election-related violence and electoral misconduct.
• The ECC should take steps to ensure that PECCs apply uniform procedures and act in a transparent manner.
• Women’s access to polling stations should be improved.
• Greater security for female candidates is needed.
• Candidate vetting must be based on established criteria and independent identification of illegally armed individuals.
• A national census should be conducted as soon as practicable.
• The ECC should be made into a permanent body.
• An accurate voter registry or civil registry should be prepared.

NATO Lisbon Summit
On November 19 and 20, 2010, representatives from NATO, the United States, and GIRoA—including the U.S. and Afghan presidents—met in Lisbon. The purpose of the meeting was to lay out a framework for the future of Afghanistan, NATO’s commitment to the country, and expanded GIRoA control of security and governance.148

In the official declaration from the summit, NATO and the GIRoA stated that “Afghanistan is increasingly capable of exercising its leadership across the inter-linked domains of governance, development, and security.”149 NATO also re-affirmed its “long-term commitment to a sovereign, independent, democratic, secure, and stable Afghanistan that will never again be a safe haven for terrorists and terrorism, and to a better future for the Afghan people.”150

The GIRoA reaffirmed that it would “actively carry out its security, governance, and development responsibilities in a manner consistent with the commitments made at the London Conference of January 2010 and the Kabul Conference of July 2010, such as combating terrorism, strengthening the economy, addressing corruption, regional security and economic cooperation, and respect for human rights, in particular the rights of women.”151 The GIRoA also promised to continue to cooperate with its regional neighbors in various decision-making processes. This cooperation would build on events such as the January 2010 Istanbul Summit, in which Afghanistan’s neighbors officially endorsed the process of reconciliation with the Taliban and other insurgent groups.152

U.S. officials expressed optimism about the results of the summit. U.S. Ambassador Karl W. Eikenberry said that NATO’s commitment to increase support for enhancements to Afghan leadership in governance, military, and economic matters is a positive development. He also saw the results of the summit as a clear plan for a transition plan to greater Afghan control.153

RECONCILIATION AND REINTEGRATION
Renewed reconciliation and reintegration efforts began in 2010, and they continued to progress this quarter. The United States supports reconciliation and
reintegration and views these processes as necessary steps in establishing a long- 
term political resolution.154

Various efforts to reconcile and reintegrate Taliban forces have occurred since 
the fall of the Taliban in 2001, according to a U.S. National Defense University 
publication.155 The results of those efforts have been mixed; difficulties in defining 
which insurgents were eligible for reconciliation as well as a lack of coordina-
tion between the many reintegration programs have contributed to the challenge 
of achieving reintegration. The current program, though, is the most extensive 
and best coordinated to date, according to the Office of the Secretary of Defense 
(OSD); it addresses many of the lessons learned from previous efforts.156

The Afghan people are strongly in favor of reconciliation and are optimistic 
about its success, according to a November 2010 poll conducted by the Asia 
Foundation. Of those surveyed, 83% favored reconciliation—a 12% improvement 
from the Foundation’s October 2009 survey. A large majority (79%) agreed that 
reconciliation would help stabilize the country. Women viewed reconciliation 
slightly less favorably than men: 78% favored reconciliation, as opposed to 88% 
of men.157

High Peace Council

This quarter, the High Peace Council conducted its first official meetings. On 
October 10, 2010, former Afghan President Burhanuddin Rabbani was unani-
mously chosen to lead the Council.158 The Council’s 70 members represent every 
major religious, regional, ethnic, and political group in the country. Twelve are
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former officials of the Taliban regime. There are 10 female representatives, and women are represented in every subcommittee of the Council.

From September 2010 to January 12, 2011, the Council conducted three major regional outreach events (in Nangarhar, Herat, and Kandahar) with the Afghan Peace and Reintegration Plan (APRP) Joint Secretariat and provincial authorities, according to DoS. The Council used these events to garner public and government support, explain the program, and set the conditions for the establishment of Provincial Peace and Reintegration Committees (PPRCs). Thirteen provinces have convened PPRCs, and 11 others were getting started, as of December 31, 2010. According to DoS, the Council’s actions this quarter energized public and government support for the APRP.

From January 4 through January 8, 2011, the Council held meetings in Islamabad, which represented an extensive regional outreach effort, according to OSD. The Council met with Pakistan government and opposition officials, as well as civic and religious leaders. OSD stated that these meetings have opened channels for continued dialogue that could improve regional relations and secure Pakistani cooperation in future reconciliation and reintegration activities.

Throughout the quarter, numerous reports surfaced about the progress of talks between the Council and various insurgent groups. However, the Taliban has publicly denied its involvement with both the Council and the idea of negotiations, labeling any reports to the contrary as propaganda. The United Nations (UN) Secretary-General’s December 2010 quarterly report stated that although the reconciliation process is difficult, “There is an increasing sense that conditions for reconciliation are becoming more favorable and that there may soon be a real opportunity for a political dialogue leading to a settlement.” The report noted that all sides must make compromises to reach a political settlement and that any settlement must respect the Afghan Constitution and not undermine the achievements in human rights and democratization made in recent years.

On October 31, 2010, UNAMA announced it had formed a group of experts (the Salaam Support Group) to support the High Peace Council in all aspects of its work. UNAMA also announced it would provide logistical support for the Council at the national and regional levels.

Reconciliation and Reintegration Prospects
This quarter, coalition representatives were cautiously optimistic about reintegration. The Commander of Regional Command-South predicted that once the insurgency encountered sustained pressure from the International Security Assistance Force (ISAF), especially during the winter months, elements within those violent groups would become more willing to reintegrate. According to the late Special Representative to Afghanistan and Pakistan Richard C. Holbrooke, a growing number of Taliban members have been communicating their willingness to reintegrate. Ambassador Holbrooke saw this development as a product of the fact that many members are less ideological in their core beliefs than the larger Taliban organization and are more aligned with their own smaller organizations. This lack of extreme fundamentalism among some elements of the
Local Reintegration Efforts

This quarter, armed groups continued to approach local authorities at various levels throughout the county to express their willingness to disarm and reintegrate through the GIRoA-led APRP, according to DoD. The APRP consists of three stages:

- outreach and negotiation
- demobilization
- community recovery

As of January 6, 2011, the GIRoA had received pledges of approximately $150 million to support the APRP. However, the GIRoA has yet to develop the financial mechanisms necessary to transfer those funds to provincial authorities for their implementation. ISAF and U.S. Forces - Afghanistan support the APRP through their work with government officials, the Afghan National Security Forces (ANSF), and local leaders. Fourteen provinces had established provincial committees, and an additional 13 were in the organizational process. More than 20 district committees had been established, and many others were in the organizational process.

According to DoS, 645 individuals claiming to be militants have enrolled in the APRP, as of December 31, 2010. Representatives of ISAF, the ministries of Interior and Defense, and the National Directorate for Security assess requests for reintegrating and record requesters’ biometric data, as well as register and collecting weapons. In addition, assistance packages containing food and non-food items are provided to support reintegrees for 90 days, according to the UN. The UN saw initial signs of reintegration efforts as promising, but it is too early to conclude that this indicates a significant trend. Furthermore, questions have arisen about how many of those individuals are actually militants, and how many are noncombatants lured by the assistance programs offered to reintegrees. The demobilization process for a reintegree entails two stages, as shown in Figure 3.23.

According to OSD, the APRP faces many challenges to achieve success:

- Afghan caution: OSD noted that Afghans have been cautious about joining the APRP for two reasons. Many doubt its chances of success, and many lack confidence in the GIRoA’s support for it.
- Reintegree security: OSD noted that the Taliban has targeted reintegrees, although OSD did not specify the number of attacks. The GIRoA and the ANSF are responsible for ensuring reintegrees’ security, but OSD noted that ISAF should verify the security situation and assist when necessary. Furthermore, OSD pointed out that reintegrees are not disarmed and may use safe houses temporarily.
- Limited awareness: Although local media coverage of the APRP and the High Peace Council has increased awareness of reintegration opportunities, OSD
noted that provincial and district officials, as well as the security forces, continue to have limited awareness. According to OSD, program implementation, mobilization of support, and outreach will fail without greater awareness.

- **Dialogue issues:** Insurgents contact the GIRoA through various channels, OSD stated, leaving ISAF unaware of contact until the APRP Joint Secretariat reports it. Before an insurgent agrees to reintegrate, it can take months of dialogue to establish trust and make the appropriate arrangements. According to OSD, ISAF supports such dialogue without becoming directly involved.

- **Afghan ownership:** Provincial authorities have repeatedly lost interest in pursuing individual cases of reintegration, according to OSD, leaving reintegrees without support and causing many reintegrees to return to the fight. Therefore, OSD noted, Provincial Peace and Reintegration Committees and Provincial Reintegration Support Teams (PRSTs) must be set up to support reintegration.

- **Targeting restrictions:** Dialogue about reintegration occurs with insurgents who have been designated as legitimate targets by ISAF. According to OSD, such targeting must be restricted as soon as possible—even before a commitment is made or identification is verified—if reintegration is to succeed. OSD noted that targeting can resume if the dialogue fails.

### U.S. Assistance in Reintegration

The United States has made available up to $100 million in FY 2010 and an estimated $50 million for FY 2011 to support reintegration, according to DoS. As of December 31, 2010, the United States has contributed $50 million to the APRP through the National Solidarity Program (NSP). The Afghanistan Reintegration Program (ARP) is a DoD initiative aimed at supporting APRP. During FY 2010, more than $320,000 was spent to support ARP activities. Most of that spending was concentrated on outreach to shuras and reintegrating individuals into their communities. Only minimal funds were provided this quarter, according to OSD, because a Continuing Resolution in the Congress, in effect until December 21, 2010, did not include authorization for spending funds on reintegration. The Secretary of Defense, however, authorized the use of Emergency and Extraordinary Expense funds for reintegration, allowing some ARP projects to be carried out.

Plans and projections for the ARP are fluid. According to OSD, this program flexibility is particularly tied to community recovery initiatives, which aim to ensure that peace and reintegration are permanent by administering community recovery packages that benefit the entire community, not just the former fighter. To support community recovery, OSD noted, ISAF is considering using a number of development programs. This support could include using funds from Provincial Reconstruction Team (PRT) assistance, the Commander’s Emergency Response Program (CERP), and ARP funding provided under the FY 2011 National Defense Authorization Act, if appropriate.
**PROVINCIAL AND DISTRICT GOVERNANCE**

This quarter, improved security, particularly in the south, facilitated a measurable improvement in the performance of provincial and district governments, according to senior DoD and DoS officials. However, the Joint Chiefs of Staff saw these gains as tenuous and susceptible to regression. According to DoD, sustained effort by both GIRQA and coalition forces is crucial for a more solid and dependable outcome for Afghanistan’s governance capabilities. Overall, Afghan perception of local governance is positive: 78% assess their provincial government positively, according to the Asia Foundation.

Achieving effective subnational governance is a slow and difficult process, according to DoD. Key structural issues related to low levels of literacy, inadequate access to educational opportunities, difficulties in hiring and maintaining staff as a result of lower salaries than international organizations pay, and pervasive corruption have all contributed to the stagnation of efforts to recruit, train, and retain adequate personnel. DoD’s most recent assessment of governance in 124 districts found that only 38% of Afghans reside in areas considered as having “full authority” or “emerging” governance.

Enhancing Local Governance

This quarter, the United States continued to focus on improving governance at the local level. According to DoD, one approach is to find and support local leaders who can provide quality leadership and facilitate partnerships between communities and district governments. According to the Commander of Regional Command-South, program administrators who are responsible for recruiting such leaders now have sufficient experience to better identify the skills and qualifications necessary to succeed in leadership positions at the district level. Recruiting elders who can best connect and lead a community through shuras, or community councils, to support the GIRQA is a constructive step toward creating enduring stability. Furthermore, decentralizing appointments and appointing individuals based on merit rather than bribes should increase Afghan’s faith in government.

From January 1 to December 15, 2010, U.S. assistance helped create 65 new district-level community councils in 12 insecure provinces, according to USAID. Until district-level elections are conducted, these councils will serve as the main conduit for interactions between communities and government. Existing councils have extended the reach of basic governance institutions at the district level.

In areas with improving security, civilian agencies and the GIRQA have partnered effectively to deliver significant progress in enhancing the capabilities of local governance, according to DoS. DoS has concentrated much of its civilian surge elements on districts in Kandahar and Helmand to coincide with ISAF’s push to improve security in those notoriously volatile areas. This has improved civilian capacity in those regions.
Southern Afghanistan

The push to improve stability in Kandahar that began in April 2010 has improved the security situation enough to create an opportunity to build long-lasting local governance capabilities, according to the Commander of Regional Command-South. Conditions on the ground have allowed elders to return to their homes and travel more freely, with fewer concerns about Taliban retribution for cooperation with ISAF. According to DoS, however, the Taliban has an active assassination campaign against government officials, which has affected the ability to establish solid local governance in the area.

Helmand province also has improved governance capabilities, according to the senior representative of the United Kingdom in southern Afghanistan. Eleven of 14 districts had district governors as of November 8, 2010—a marked improvement from 2008, when only 5 district governors were in place. Five districts in Helmand also have community councils, which have enabled ISAF forces to build relationships with local representatives to promote governance and economic initiatives that best represent the needs of the local population.

The city of Marjah indicates how success in military campaigns can promote greater governmental control, according to DoD. In 2009, Marjah was an insurgent command and control center, a focal point for assembly of improvised explosive devices, and a hub for illegal narcotics activities. On November 23, 2010, after a major security push by ISAF, a DoS official stated that the GIRoA controlled Marjah. Progress has been demonstrated through increased voter registration—from 22 in the 2009 presidential elections to about 600 in the 2010 elections. A decline in improvised explosive device attacks has enabled government employees to travel in and around the city more freely.

Local Governance and Community Development

USAID’s Local Governance and Community Development (LGCD) program is designed to help create a stable environment for medium- and long-term political, economic, and social development. From October 2006 to December 31, 2010, the LGCD obligated more than $316 million and disbursed more than $238.7 million. The program has three main metrics for success:

- increased ability of GIRoA officials to provide services
- increased community ownership of stability and development activities
- identification of the root causes of instability and addressing them through operational planning

This quarter, USAID reported a number of challenges in administering the LGCD:

- A failure in ISAF’s “clear and hold” operations would make success especially difficult.
- Partnership with the GIRoA requires constant reinforcement.
- In unstable areas, subcontracting is having limited results compared with community grants or procurements, and direct implementation.
- Activities are not matched to the needs of a counter-insurgency environment.
Despite these challenges, according to USAID, the LGCD has helped improve stability throughout the country: Shindand, Guzara, and Injil districts in Herat; Bala Mughrab, Qades, and Muqur districts in Badghis; Lashkar Gah in Helmand; Maywand and Kandahar City in Kandahar; along the Khowst-Gardez road in Khowst; Jalrez and Nerkh districts in Wardak; and districts in Logar, Paktiya, and Parwan. Efforts in Kunar, Nangarhar, Ghazni, Paktika, and most of Helmand have been unsuccessful, owing to deteriorating security, corruption, and inadequate planning. In 2011, according to USAID, the LGCD will be replaced by the Stabilization in Key Areas program, which will divide its work into four regional programs.196

Village Stability Operations

DoD’s Village Stability Operations (VSO) program works in conjunction with the Afghan Local Police (ALP) program to deploy Afghan and U.S. personnel into rural areas to connect villages to district and provincial government institutions, according to OSD. VSO facilitates community development councils and shuras to connect villages to the districts, in addition to improving the capacity of district centers. VSO also helps villagers stand up against insurgents and provides development assistance.197 For additional information on VSO and the ALP’s joint work to improve security, see “Security” in this report.

VSO recently established a four-step strategy:198

- **Shape**: Choose VSO sites by identifying those areas where locals have requested assistance against insurgents; are strategically important for the GIRoA, ISAF, and insurgents; and are sustainable.
- **Hold**: Embed personnel in the village to assist in governance, development, and security.
- **Build**: Link villages to their district and provincial governments through institutional arrangements like shuras and development projects.
- **Transition**: Move toward greater Afghan leadership.

VSO has improved the levels of governance and security in its areas of operations, according to OSD. As of December 31, 2010, there were 31 VSO sites. Uruzgan province, home of Taliban leader Mullah Mohammad Omar, is one of the most successful areas of VSO operations. VSO and the ALP have expanded governance and security across the province and have used local empowerment to weaken Taliban influence. Similar results have occurred in Daykundi, Zabul, and Kandahar. Senior Taliban leaders, including Omar, have expressed concern that VSO and ALP are undermining its rural support.199

Challenges to VSO remain, though, and the situation remains fragile, according to OSD. The Taliban and other insurgent groups have generated a campaign of intimidation and assassination against individuals involved with VSO and the ALP. This campaign has included targeted assassinations, “night letters” (threats) to collaborators, and kidnappings of supporters. Furthermore, district governance is weak in some areas, which can undercut the connection of villages to district and provincial governments. Intra-tribal and inter-tribal tensions also
have affected VSO expansion. According to OSD, the GIRoA and the United States continue to create counter-measures to blunt insurgent actions and adopt long-term solutions to these local governance challenges.200

PUBLIC ADMINISTRATION REFORM

Capacity building continues to be a key issue in enhancing public administration. According to the UN, the GIRoA has demonstrated its determination to implement the actions outlined in the Kabul Process, which is designed to transition the country to full Afghan control. On November 15, 2010, at the 15th meeting of the Joint Coordination and Monitoring Board, the GIRoA reported that more than 70% of the October 2010 benchmarks had been met. The UN saw this as an indicator of the GIRoA’s “growing capacity to assume ownership of and responsibility for Afghanistan’s transition and development.”201

The Afghan Cabinet’s approval of a line in the GIRoA’s budget to fund the Afghan Independent Human Rights Commission was a positive step in improving governance, according to the UN. The UN also noted that the GIRoA has developed a medium-term fiscal framework to prioritize expenditures and domestic revenues, create a strategy aimed at reinvigorating public administration reform, revise the Civil Service Law, and propel the implementation of pay and grade reform.202

On October 19, 2010, President Karzai issued a decree that centralized the appointment of high-ranking officials in the Civil Service Commission. The decree prevented ministers and governors from selecting their senior staff but allowed them to recommend individuals for the staff. This decree is intended to make the appointment process more transparent and less political. Karzai also committed to make no appointments himself.203

Public perception of the GIRoA is fairly positive, according to the previously mentioned public perception survey by the Asia Foundation: a slight majority expressed confidence in public administration (57%) and in the ministries (54%). The performance of government was also generally perceived favorably: 73% of Afghans believe that the GIRoA is carrying out its responsibilities, a 6% percent increase from 2008.204 And the majority of those polled (54%) believe that they can influence government decisions, as shown in Figure 3.24.

On October 10, 2010, the European Union (EU) announced that it would refocus its work to improve capacity at the central and subnational levels of the GIRoA. The EU stated that structural deficiencies in the civil service, ambiguous mandates, and connections between subnational and central government institutions are major barriers to legal and structural reform in public administration. In response to a request from President Karzai and other high-ranking officials, the EU has started to evaluate the possibility of a concerted effort to support civil service training. This support could include a dedicated network of regional training centers across the country.205

FIGURE 3.24
SURVEY: HOW MUCH INFLUENCE CAN YOU HAVE OVER GOVERNMENT DECISIONS?

Notes: Numbers affected by rounding. Complete wording of question was “How much influence do you think someone like you can have over government decisions?”
U.S. Support for Public Administration Reform

The GIRoA has developed into an integral partner in the planning and execution of numerous projects funded by CERP, according to DoD. GIRoA officials—particularly local representatives working with PRTs—contribute to the nomination, prioritization, and selection of CERP projects. In addition, all CERP projects that cost $50,000 or more and that will incur operating or sustainment costs now require a Memorandum of Agreement signed by the responsible GIRoA official. This requirement was initiated so that the GIRoA has more information about the cost of sustaining projects. According to DoD, the GIRoAs participation in all stages of projects will ensure Afghan ownership and acceptance of projects.206

Performance-Based Governors’ Fund

USAID’s Performance-Based Governors’ Fund, which has an available pool of $6.8 million, is designed to promote the ability of governors to manage key functions of their offices and increase community outreach programs, including conducting shuras. As of December 31, 2010, almost $5.3 million had been spent by provincial governors, $1.7 million of it since August 20, 2010.207 These funds enabled governors to manage key functions of their offices and expand community outreach activities, including conducting councils and shuras on poppy eradication, dispute resolution, and other key issues.208

The most recent evaluation of the Fund focused on quality of programming, equity of benefit sharing, consultation and communication, accountability and transparency, and improved budget practice. It found an average score across provinces of 6.62 out of 10, a performance level deemed “satisfactory” by USAID—and an improvement from the previous quarter’s score of 5.83. However, scores decreased in nine provinces—three of them by more than one point (approximately 10%). USAID noted that the monitoring and evaluation framework could be strengthened. Challenges in some provinces include equipment and office needs for the Fund itself and limited community outreach or support at the district level. Originally slated to end in October 2010, the Fund received a no-cost extension until the end of January 2011; a cost extension is currently under review.209

JUDICIAL REFORM AND RULE OF LAW

This quarter, efforts to improve judicial reform and rule of law continued. These efforts aim to promote a robust alternative to the Taliban justice system. At the district level, various programs and infrastructure projects were implemented. In Nerjab, in Kapisa province, construction of the district courthouse was completed on November 13, 2010.210 On October 10, 2010, UNAMA announced the creation of the “People Awareness of Legal and Judicial Programme,” a six-month legal and judicial awareness initiative in Khowst. The program is intended to promote the GIRoAs rule of law over traditional conflict resolution systems by educating the population on the governmental system and legal rules and regulations.211
In his December 2010 quarterly report, the UN Secretary-General stated that access to justice in Afghanistan has advanced. Legal aid offices opened in several provinces, and nongovernmental organizations expanded legal aid to new regions. However, despite improvements in Afghans’ perception of their government, only 48% of Afghans have confidence in the justice system, according to the November 2010 survey conducted by the Asia Foundation.

**U.S. Justice Sector Support Program**

As of December 31, 2010, the Justice Sector Support Program (JSSP) has expended more than $47.3 million to achieve its goals; an additional $83.9 million is obligated for the program. Operating under the U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL), JSSP aims to develop the capacity of the Afghan criminal justice system by working with Afghan justice professionals, including prosecutors. The JSSP also supports the criminal defense system by encouraging coordination between defense attorneys and other professionals in the justice system.

The current goals of the JSSP are mostly aligned with the goals outlined in the GIRoA’s Prioritization and Implementation Plan, in its National Program for Law and Justice for All, according to INL. The JSSP’s assistance in implementing the Plan includes the following initiatives:

- Improving physical infrastructure and administrative and organizational reform: Support for the infrastructure and equipment projects of the GIRoA and the World Bank’s Afghanistan Justice Sector Reform Project (AJSRP). Also, the JSSP’s Attorney General’s Office Assistance Section (AGOAS) assists in the implementation of pay and grade reforms.
- Finalizing commentaries for the civil and penal codes, reviewing and revising laws, and optimizing the law-making processes: The JSSP works with the Criminal Law Reform Working Group.
- Creating legal awareness: The JSSP’s Ministry of Justice Assistance Section supports the Ministry of Justice’s Huquq (law) Department, as well as the AJSRP’s legal awareness component.
- Promoting legal aid: The JSSP works with the Legal Aid Department and the Afghan Independent Bar Association.

This quarter, the JSSP increased the number of U.S. and local Afghan lawyers on its staff from 93 in September to 107 in December, according to INL. This represented a shortfall of 51 from the number of lawyers that INL had originally planned in July. INL stated that it is working to fill these positions by early 2011 and is interviewing local Afghan lawyers to fill the remaining 21 Afghan lawyer positions. Thirteen U.S. lawyers have been confirmed for the January/February pre-deployment training, and an additional nine advisors have attended training and are awaiting clearances before deploying.

Each quarter, the JSSP holds provincial training conferences for members of the Afghan justice system. Last quarter, the JSSP held two conferences in Logar and Wardak. Two other conferences were rescheduled; one, scheduled to take

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INL trains prosecutors, police officers, judges, and defense attorneys on ethics and fair trial standards.

Source: INL, response to SIGAR data call, 1/6/2011.
place in Badghis, was cancelled because of security issues. The JSSP plans to hold two conferences next quarter.\textsuperscript{218}

**Criminal Procedure Code**

As of December 31, 2010, the Criminal Procedure Code had not been updated by the Ministry of Justice’s Taqnin Department, which is tasked with scrutinizing legislation to meet the GIRoA’s legal criteria. During the quarter, justice advisors for the JSSP continued to press the Taqnin on this matter. In early January, however, the Taqnin reported that it would require an additional month to complete its review of the Code.

In November, ISAF placed a U.S. legal advisor in the Taqnin through its Afghan Hands program, which is designed to build trust between the military and local populations and to accelerate the transition of responsibilities to GIRoA. As of January 6, 2011, INL had not been able to assess the effectiveness of the advisor in the review process.\textsuperscript{219}

**Detainees and Prisoners**

The transfer of responsibility for detention operations continued this quarter, according to DoD. As of January 6, 2011, Afghan personnel occupied most of the duty positions in two detainee housing units at the detention facility in Parwan, and they conducted on-the-job training at a third unit. In January 2011, the first official transfer of a detention housing unit to Afghan control occurred, and Combined Joint Interagency Task Force-435 (CJIATF-435) plans two more transfers of control in March and April. OSD authorized additional funding in the FY 2011 Financial and Activity Plan for CJIATF-435 to expand the training and equipping of Afghans, so Afghans can improve their ability to operate detention centers and thereby enable the rapid transition of detention operations. CJIATF-435 administers more than a dozen vocational and educational reintegration programs for prisoners at the detention facility in Parwan.\textsuperscript{220} Records of attendance at these courses are provided to the detainee review board, which may use that evidence as an indicator of the level of threat posed by the detainee, according to U.S. Special Operations Command.\textsuperscript{221} CJIATF-435 also assists the GIRoA in hosting release shuras, which are designed to give family members and members of the detainee’s clan the responsibility and tools (employment opportunities) to improve the odds that former prisoners can successfully re-enter society and abandon the insurgency.\textsuperscript{222}

**Support for the Corrections System**

INL funds the Corrections System Support Program (CSSP), which partners with the GIRoA to develop a humane, secure, and safe corrections system that meets international standards and Afghan cultural requirements. This quarter, the CSSP enlarged its presence from six provinces to eight, with the addition of efforts in Bamyan and Kandahar. INL also awarded contracts to Afghan companies for the construction of prisons in Baghlan and Wardak, as well as a large-capacity
water tower and staff barracks at the Pol-i-Charkhi prison. Most prisons in Afghanistan are housing more prisoners than they are built to handle, as shown in Table 3.7.

During the quarter, the Law and Order Trust Fund for Afghanistan (LOTFA) steering group approved an increase in funding for Central Prison Directorate salaries to help stem rising attrition. Contributions from the United States, the United Kingdom, Canada, and the European Union to the LOTFA are used, in part, for these salaries; Japan has pledged support in the near future.

HUMAN RIGHTS
This quarter, a number of organizations reported on the continued difficulty many Afghan citizens face in exercising their human rights. This section provides updated information on specific human rights issues in Afghanistan related to displaced citizens, gender equity, and children's rights.

Displaced Persons
As of November 2, 2010, the United States had contributed more than $710 million to the UN High Commissioner for Refugees (UNHCR) since 2000. Those funds go to help refugees in Afghanistan and around the world. According to the UNHCR, Afghanistan’s continued political, security, and economic development challenges have stifled its ability to absorb returnees. Its capacity has been

Refugee camps like this one house hundreds of thousands of returnees. Afghanistan’s ability to absorb refugees has been stifled by continuing political, security, and economic development challenges, according to the UN High Commissioner for Refugees. (USAF photo, SSgt Stacey Haga)
### TABLE 3.7

#### PROVINCIAL PRISONS: POPULATIONS BY PERCENTAGE OF OVERCROWDING

<table>
<thead>
<tr>
<th>Province</th>
<th>Maximum Occupancy</th>
<th>Total Prisoners</th>
<th>Occupancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>0–100%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paktiya</td>
<td>250</td>
<td>194</td>
<td>78%</td>
</tr>
<tr>
<td>Nuristan</td>
<td>16</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td><strong>101–300%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zabul</td>
<td>29</td>
<td>84</td>
<td>290%</td>
</tr>
<tr>
<td>Nangarhar</td>
<td>413</td>
<td>1,134</td>
<td>275%</td>
</tr>
<tr>
<td>Logar</td>
<td>26</td>
<td>65</td>
<td>250%</td>
</tr>
<tr>
<td>Samangan</td>
<td>60</td>
<td>146</td>
<td>243%</td>
</tr>
<tr>
<td>Khwost</td>
<td>71</td>
<td>151</td>
<td>213%</td>
</tr>
<tr>
<td>Kandahar</td>
<td>630</td>
<td>1,114</td>
<td>177%</td>
</tr>
<tr>
<td>Laghman</td>
<td>119</td>
<td>208</td>
<td>175%</td>
</tr>
<tr>
<td>Helmand</td>
<td>453</td>
<td>720</td>
<td>159%</td>
</tr>
<tr>
<td>Badghis</td>
<td>83</td>
<td>129</td>
<td>155%</td>
</tr>
<tr>
<td>Jawzjan</td>
<td>457</td>
<td>666</td>
<td>146%</td>
</tr>
<tr>
<td>Panjshir</td>
<td>24</td>
<td>33</td>
<td>138%</td>
</tr>
<tr>
<td>Kabul</td>
<td>4,978</td>
<td>5,103</td>
<td>103%</td>
</tr>
<tr>
<td><strong>301–600%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baghlan</td>
<td>48</td>
<td>284</td>
<td>592%</td>
</tr>
<tr>
<td>Herat</td>
<td>353</td>
<td>2,079</td>
<td>589%</td>
</tr>
<tr>
<td>Sar-e Pul</td>
<td>32</td>
<td>156</td>
<td>488%</td>
</tr>
<tr>
<td>Kapisa</td>
<td>24</td>
<td>116</td>
<td>483%</td>
</tr>
<tr>
<td>Daykundi</td>
<td>26</td>
<td>111</td>
<td>427%</td>
</tr>
<tr>
<td>Ghor</td>
<td>26</td>
<td>111</td>
<td>427%</td>
</tr>
<tr>
<td>Kunar</td>
<td>34</td>
<td>136</td>
<td>400%</td>
</tr>
<tr>
<td>Parwan</td>
<td>61</td>
<td>232</td>
<td>380%</td>
</tr>
<tr>
<td>Balkh</td>
<td>106</td>
<td>400</td>
<td>377%</td>
</tr>
<tr>
<td>Farah</td>
<td>99</td>
<td>364</td>
<td>368%</td>
</tr>
<tr>
<td>Nimroz</td>
<td>73</td>
<td>260</td>
<td>356%</td>
</tr>
<tr>
<td>Ghazni</td>
<td>74</td>
<td>261</td>
<td>353%</td>
</tr>
<tr>
<td>Kunduz</td>
<td>116</td>
<td>405</td>
<td>349%</td>
</tr>
<tr>
<td>Bamyan</td>
<td>26</td>
<td>88</td>
<td>338%</td>
</tr>
<tr>
<td>Badakhshan</td>
<td>50</td>
<td>164</td>
<td>328%</td>
</tr>
<tr>
<td>Wardak</td>
<td>40</td>
<td>122</td>
<td>305%</td>
</tr>
<tr>
<td><strong>601–1,000%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Takhar</td>
<td>46</td>
<td>436</td>
<td>948%</td>
</tr>
<tr>
<td>Uruzgan</td>
<td>34</td>
<td>260</td>
<td>765%</td>
</tr>
<tr>
<td>Paktika</td>
<td>9</td>
<td>62</td>
<td>689%</td>
</tr>
<tr>
<td>Faryab</td>
<td>73</td>
<td>454</td>
<td>622%</td>
</tr>
</tbody>
</table>

Notes: The International Committee of the Red Cross sets the minimum acceptable prison space per person at 3.4 square meters. Data reflects male prisoners as of 12/7/2010.

Source: INL, response to SIGAR data call, 1/6/2011.
stretched to the limit, resulting in an increasingly poor environment for sustainable return and reintegration. The largest numbers of internally displaced persons (IDPs) tend to be in the areas with the most perilous security, preventing UNHCR from having adequate access to those IDPs. UNHCR stated that the number of IDPs is likely to increase in 2011 as a result of heightened military operations in the southern, western, and southeastern regions of the country.

From September 14 to December 10, 2010, more than 11,000 refugees returned to Afghanistan. Since 2002, more than 5 million refugees have returned, increasing Afghanistan’s estimated population by more than 20%. For areas with the highest areas of return, returnees account for as much as one-third of the population. Returnees need economic stability, security, shelter, and land, but access to land and returnee and IDP rights are constricted by a weak judiciary system. To alleviate the initial hurdles faced by returnees, UNHCR increased cash grants to returnees in the first month of return.

Gender Equity
This quarter, UNAMA released a report detailing the difficulties that Afghan women continue to face and proposing actions and reforms to advance women’s rights. It noted that traditional practices—such as child marriage and forced marriage, the marrying away of girls to settle disputes, the exchange of daughters between families for marriage, “forced isolation in the home,” and “honor killings”—continue to infringe on the human rights of women and girls throughout the country. In addition, women’s rights have not yet improved to the extent hoped for after the fall of the Taliban for several reasons:

• traditional customs, such as dispute resolution methods
• the influence of certain religious tenets within Afghan culture
• the inability of the GIRoA to fully implement the 2009 Law on Elimination of Violence against Women

Many elements of the 2009 law seek to terminate the customs, traditions, and practices that allow or encourage violence against women. However, UNAMA found that many law enforcement authorities were either unaware of the law or were unwilling to enforce it, resulting in the persistence of acute gender inequity. UNAMA recommended that the GIRoA give the police and judiciary a much greater degree of guidance, oversight, and support so that the law can be more correctly and consistently applied. The report stressed that improving the lives of women in Afghanistan should continue to be a priority of the GIRoA in reconciliation and reintegration efforts. The Asia Foundation’s poll found that a majority of Afghans (64%) believe that women should have the right to work outside the home, as shown in Figure 3.25.

----

FIGURE 3.25
SURVEY: SHOULD WOMEN BE ALLOWED TO WORK OUTSIDE THE HOME?

Total: 6,467

Should
4,139

Should not
2,134

Don’t know
194

Notes: Numbers affected by rounding. Complete wording of question was “Some people say that women should be allowed to work outside the home. What is your opinion about this?”
Children’s Rights
Many Afghan children continue to be deprived of their rights, according to the Afghan Independent Human Rights Commission (AIHRC). A number of factors contribute to the continued difficulties: little awareness in society of those rights, lackluster protective mechanisms, political and economic instability, and traditional customs. The Commission recommended that the GIRoA and the international community more aggressively promote legal, economic, and awareness campaigns aimed at preventing abuse of children’s rights.231

Early marriages were the source of 10% of the human rights violations reported to the AIHRC in the first six months of 2010. Most of those marriages were accompanied by violence, and more than 5% had age disparities of 30 or more years. Sexual assaults made up the highest percentage (27.7%) of child human rights cases registered with the AIHRC in that period.232

This quarter, the United Nations Children’s Fund (UNICEF) called on Afghanistan to enact comprehensive legislation in line with the provisions and principles of the Convention on the Rights of the Child. One in five Afghan children dies before age five, and only 6% of children are registered at birth—hampering the legal establishment of their identity. The GIRoA has developed some relevant legislation and policies but needs to improve both the nature and execution of GIRoA’s laws, according to UNICEF.233

UNICEF further recommended that the GIRoA should implement these laws by monitoring children’s rights, educating children on their rights, and providing awareness training to professionals who deal with children the most—educators, health workers, and police.234

“It is the responsibility of the Government of Afghanistan to ensure the existence of a complete legal framework to fully protect all children. UNICEF will continue to assist in that process.”

–UNICEF Representative Peter Crowley

As of December 31, 2010, the United States had provided more than $16.15 billion to support governance and development in Afghanistan. A key component of the U.S. strategy in Afghanistan is to rebuild critical infrastructure and lay the foundations for sustainable, long-term economic growth. This section provides an overview of progress toward reaching these economic development goals, by looking at key economic indicators and the efforts of the U.S. government and other donors to help Afghanistan rebuild critical infrastructure and deliver essential services.

LEADING INDICATORS

One way to gauge the effectiveness of economic development assistance is to track leading indicators that measure growth and fiscal stability, such as gross domestic product (GDP), inflation, and exchange rates. The U.S. government does not set formal targets for leading indicators in Afghanistan, but these metrics are useful in determining whether the country is on a track toward economic growth and fiscal stability. The World Bank, which follows these indicators closely, had concluded that Afghanistan’s economic growth remained strong, but volatile, in 2009/2010; it is cautiously optimistic about the prospects for solid growth in 2010/2011.

Gross Domestic Product

In 2010/2011, real GDP growth in Afghanistan is expected to average 8.5–9.0%, according to the World Bank’s most recent economic update. The chief factor behind this strong level of economic activity, according to the Bank, was the high demand for goods and services resulting from the security economy and the influx of U.S. and other donor spending. That spending included the following:

- an estimated 24% increase in donor assistance to support the core budget of the Government of the Islamic Republic of Afghanistan (GIRoA)
- an estimated $4 billion in donor assistance to support off-budget expenditures

Two consecutive years of favorable agricultural production have also contributed to strong economic growth. In fact, the World Bank noted that dried fruits and seeds now surpass carpets as Afghanistan's leading exports. From 2005/2006 to 2009/2010, dried fruits and seeds grew to half of all Afghan exports. A key
focus of U.S. agricultural assistance had been to encourage more Afghans to switch from producing cereals and illicit crops to high-value fruits, nuts, and seeds. As noted in SIGAR’s previous quarterly reports in 2010, the U.S. Agency for International Development (USAID) has awarded a $30 million grant to help Afghan farmers acquire the technical skills, equipment, and inputs necessary to plant higher-value crops.240

The Afghan services sector—including communications, finance, and transportation—continued to be the leading contributor to economic growth in 2009/2010, according to the World Bank. Among notable trends, the Bank reported that the communications sector grew by a remarkable 45% in 2009/2010. As noted in previous SIGAR quarterly reports, the U.S. government has provided funding to build the capacity of the GIRoA to regulate the telecommunications sector and expand telecommunications services to rural communities. By contrast, Afghanistan’s industrial sector is expected to shrink by 3% in 2009/2010, largely as a result of a decline in manufacturing.241

Inflation
The Afghan Central Bank has done a good job managing inflation, according to the World Bank. Prudent monetary policies kept inflation to an average of 3% in 2009/2010, a decrease from the 9% average in 2008/2009. However, the World Bank estimated that inflation may increase to 5% in 2010/2011, depending largely on food prices. This reversal is the result of adverse weather conditions in neighboring countries, which drove up the prices of such essentials as wheat, mutton, beef, sugar, and flour in Afghanistan. Even small increases in food prices can have a significant effect on Afghans near the poverty line. The World Bank estimated that a 10% increase in wheat prices could push as many as 377,000 Afghans into poverty. That is because bread and cereals, rather than nutrient-rich meat and vegetables, have accounted for the larger share of the calories consumed by poor families.242

Exchange Rates
Exchange rates are an important factor in trade because an overvalued currency makes a country’s exports more expensive. Conversely, an undervalued currency makes a country’s exports less expensive.

In FY 2010, the afghani appreciated against major world currencies, according to the World Bank. It appreciated against the U.S. dollar for most of the fiscal year, and by July 2010 it had also appreciated against the euro. Among other trends, the Bank noted that continuing instability in Pakistan weakened the Pakistani rupee to the point that an increasing number of traders were asking to be paid in afghans.243

According to the World Bank, Afghan exports as a share of GDP have fallen from 24% in 2005/2006 to 15% in 2009/2010. Nevertheless, the International Monetary Fund (IMF) has concluded that in real terms the afghani is not overvalued.244
Employment
Creating jobs is essential to undermining the appeal of extremists and sustaining long-term growth in Afghanistan, according to the U.S. Afghanistan and Pakistan Regional Stabilization Strategy.245 As previously noted in SIGAR’s quarterly reports, accurate estimates of the size of the workforce and unemployment rate in Afghanistan are not available because of the lack of current national census data. It is not possible, therefore, to definitively measure progress toward the U.S. goal of increasing employment in the agricultural sector or any other sector; however, USAID provides estimates of the number of jobs created through the cash-for-work and the Afghan First programs.

According to USAID, in FY 2010 it completed 780 cash-for-work projects, employed 103,000 laborers, and injected nearly $27 million in wages into the Afghan economy, equivalent to 22,500 full-time jobs.246 USAID also stated that from 2008 to 2010 it significantly increased its efforts under the Afghan First program and achieved the following results:247

- 85,650 Afghan personnel employed
- 4,227 local firms under contract
- 1,478 Afghan graduates and interns hired
- $1.12 billion in subcontracts, goods, and services procured locally

FINANCIAL MANAGEMENT
A key part of economic capacity building in Afghanistan is to create the foundations of a modern financial system. U.S. efforts this quarter included working with the Central Bank of Afghanistan to mitigate the risks created by the Kabul Bank crisis, expanding access to electronic banking services, and assisting the Ministry of Finance in conducting the first audits under the new public sector financial management law.

Banking
As noted in SIGAR’s previous quarterly reports, the United States has encouraged the development of private banking and credit institutions as an alternative to traditional cash-based systems. According to USAID, U.S. government assistance helped increase the number of banking institutions from 12 in FY 2009 to 17 in FY 2010, and the number of commercial bank branches from 280 to 329 during that same period. In addition, USAID stated that U.S. government assistance helped achieve a slight increase in the total number of Afghan borrowers in FY 2010, as microfinance institutions made available $777 million in loans and commercial banks made available $71 million in loans.248

An example of U.S. assistance is the $100 million fund that USAID established in 2010 to increase the access of Afghan farmers to agricultural credit.249 During the year, U.S. government-funded financial institutions in Afghanistan disbursed more than 19,000 loans totaling $15.3 million in 14 provinces, according to USAID.250
**Kabul Bank Crisis**

Public confidence in private banks suffered a major setback in August and September 2010 when allegations were made public of significant fiduciary misconduct at Kabul Bank, Afghanistan’s largest private bank. Kabul Bank was a key part of the financial system, responsible for one-third of the country’s deposits and nearly 57% of all loans in 2009. The bank lost nearly all of its liquidity in one week because of the resulting run on its deposits, according to the World Bank.

The lack of reliable information about the size of these losses has made it difficult to determine the extent of the problem or its impact on the financial stability of the country, the World Bank concluded.

In February 2010, the GIRoA had approached the U.S. government for funding and assistance in procuring a **forensic audit** of Kabul Bank and Azizi Bank, according to the U.S. Treasury (Treasury). The estimated cost of these audits was $10 million. Treasury identified an internationally credible audit firm, as well as funding, to implement this request.

Following the run on Kabul Bank, however, the GIRoA changed its position on the parameters of the proposed forensic audits. According to Treasury, the GIRoA insisted on maintaining control of the audits and on being the sole recipient of the results. These conditions were unacceptable to Treasury.

The GIRoA is pursuing the possibility of funding forensic audits through other donors as part of a new IMF program, according to Treasury. The U.S. government is not a direct participant in these negotiations. As of January 4, 2011, Afghanistan’s Central Bank had not scheduled any bank audits and had not signed any independent bank audit contracts, according to Treasury.

The salaries of 220,000 Afghan security forces and civil servants are distributed through the Kabul Bank. Treasury stated that, following the Kabul Bank crisis, the Central Bank of Afghanistan (Da Afghanistan Bank, or DAB) decided to develop the option to use commercial banking services from other financial institutions. Treasury provided technical assistance to the GIRoA to research and draft proposals to procure another bank to distribute government salaries.

Kabul Bank continues to operate under special conditions, and as of October 2010, there had been no delays in civil service salary payments, according to the World Bank.

**Alternate Payment Mechanisms**

In another financial sector development this quarter, Citibank announced that its Global Transaction Services division had entered into an agreement with the privately owned Afghanistan International Bank (AIB) in Kabul to strengthen AIB’s payment transaction capabilities. The agreement was facilitated by the U.S. Department of Defense (DoD) as part of its effort to create sustainable banking services, support the growth of the private sector, and attract foreign investment.

To fight corruption and maintain accountability for funds, the U.S. government has strongly encouraged and supported the development of electronic mechanisms as an alternative to traditional cash-based transactions, as noted in...
SIGAR’s previous quarterly reports. AIB’s services will include the provision of ATMs and electronic fund transfers, according to Citibank. More than half of all Afghan civil servants now receive their salaries through electronic fund transfers, according to the World Bank.

Revenue Collection
As noted in SIGAR’s July 2010 quarterly report, domestic revenue collection in Afghanistan is steadily improving. According to the World Bank, however, collection still lags significantly behind the amount needed to fund core government expenditures.

The IMF expects that domestic revenue collection in Afghanistan will increase from 9.6% of GDP in FY 2010 to 10.3% of GDP in FY 2011. For the current Afghan fiscal year, domestic revenues could climb as high as $1.7 billion, according to DoD—a 30% increase over the previous year. This is primarily the result of improved tax and customs administration, and the introduction of a new ad-valorem tax on imports, according to DoD. Despite this improved performance, DoD noted that the GIRoA was still able to fund only about 54% of its core operating expenses from domestic revenues.

To help strengthen the GIRoA’s financial management capabilities, USAID pledged $84 million to support the Afghan Civil Service Institute. The Institute’s mission is to provide a unified training curriculum for all national and provincial civil servants. The United States is also providing $2.5 million annually in operational support for the Afghan National Customs Academy, according to the U.S. Department of State (DoS). This is in addition to the $2 million provided by the United States for construction and renovation of the customs academy training facilities. Treasury also has provided ongoing technical assistance to the Ministry of Finance to strengthen the internal auditing capacity of Afghan ministries.

As a result of efforts to build Afghan revenue collection capacity, the World Bank recently reported a significant change in the composition of domestic revenues. The share of those revenues attributable to taxes (property, income, sales, and excise) jumped from 38% in 2008/2009 to 48% in 2009/2010. Similarly, the share attributable to customs duties and fees increased from 32% in 2008/2009 to 35% in 2009/2010. At the same time, the share attributable to non-tax incomes—such as administrative fees, property taxes, fines, penalties and sales of lands and buildings—declined by nearly half.

Public-Sector Financial Management
In November 2010, advisors from Treasury began working with auditors from the Ministry of Finance to review the Ministry of Rural Rehabilitation and Development. According to Treasury, this is the first Afghan ministry with line budget authority to undergo an audit as authorized by Article 61 of the Afghan Public Finance and Expenditure Management Law. In December 2010, a joint team of U.S. and Afghan government auditors began audit work at three other ministries: the Ministry of Transportation and Civil Aviation, the Ministry of

Article 61 of the Afghan Public Finance and Expenditure Management Law says, “The Ministry of Finance shall establish an internal audit administration and appoint auditors to audit the financial and accounting affairs of all State administrations.” The auditors may require the relevant administrations to provide all information needed for auditing financial affairs.

Source: GIRoA, Public Finance and Expenditure Management Law.
Public Health, and the Ministry of Energy and Water. These audits are expected to be completed by March 2011, according to Treasury. Treasury also stated that U.S. and GIRoA auditors have agreed to a multi-year plan to conduct Article 61 audits of the remaining 17 ministries and 9 state administrations, including DAB and the Independent Directorate of Local Government.269

ESSENTIAL SERVICES
Increasing the GIRoA’s capacity to deliver public services is one of the four key objectives of the U.S. economic development strategy in Afghanistan, according to DoS.270 One indication of the challenges confronting Afghanistan is its ranking in the most recent Human Development Index, published by the UN Development Programme (UNDP). Afghanistan ranked 155 of 169 countries in 2010, among the least developed in the world.271

Afghanistan’s per capita gross national income was the highest of the 15 bottom-ranked countries in the 2010 UNDP report. Yet, the same report concludes that about 42% of Afghans still live in poverty. Life expectancy at birth is 44.6 years, the lowest of the 15 bottom-ranked countries in the world. The under-five mortality rate is 257 per 1,000 live births—and the maternal mortality rate is 1,800 per 100,000 births, one of the highest in the world. Most Afghans do not have access to safe drinking water, and 63% do not have access to adequate sanitation.272

This section addresses key developments in U.S. efforts to improve the capability of the GIRoA to deliver essential services that address these challenges.

Energy
As previously noted by SIGAR, Afghanistan continues to import energy because it consumes more than it produces. U.S. Central Command (CENTCOM) has identified the lack of access to electricity as an obstacle to sustaining the gains achieved by the counter-insurgency strategy, especially in areas of high conflict, such as Kandahar.273 As noted in SIGAR’s October 2010 quarterly report, CENTCOM has proposed providing generators and fuel to Kandahar on a short-term basis until the capacity of the Kajaki Dam is increased. According to CENTCOM, the transitional energy solution for Kandahar consists of the following elements:274

- Shorandam Industrial Park Site (formerly known as Kandahar Industrial Park-KIP): A diesel generator rated at 10 MW (actual capacity of 8 MW) began providing power on December 1, 2010. Average daily power production is 4.4 MW, and construction and installation of support facilities continue.
- Bagh-e Pul Site (formerly known as the Russian Silo): Diesel generators rated at 10 MW (actual capacity of 8 MW) have been delivered. They are scheduled to be moved to the site on January 20, 2011, and to begin furnishing power on March 1, 2011.
- The Southeast Electrical Power System (SEPS) Starter Kit: The kit was procured to provide the Afghan public utility company (DABS) with equipment
to make immediate, critical improvements to the Kandahar City power distribution system. CENTCOM expects the DABS to install the equipment over the next 24 months to enhance low- and medium-voltage distribution in Kandahar City.

The generators and short-term fuel supplies for the two 10-MW power plants were purchased with funds from the Commander’s Emergency Response Program (CERP), according to CENTCOM. As of January 2011, approximately $100 million was under contract to support these efforts.275

On January 7, 2011, the President signed into law the Ike Skelton National Defense Authorization Act (NDAA) for Fiscal Year 2011 authorizing the Afghanistan Infrastructure Program (AIP). This legislation authorized DoD to use up to $400 million in operations and maintenance funds for large scale infrastructure projects. CENTCOM expects that AIP, rather than CERP, will fund the estimated $40–89 million needed in FY 2011 for fuel, as well as operating and maintenance costs, for all the Kandahar power generators.276 The change in funding sources for this project reflects the concerns expressed by the Congress in the NDAA that CERP was not intended to carry out large-scale projects. SIGAR’s audit of CERP funded projects in Laghman province highlighted similar concerns.277 For more information about this SIGAR audit, see Section 1, p. 9.

TAPI PIPELINE
In another energy-related development this quarter, the President of Turkmenistan signed a framework agreement with the presidents of Afghanistan and Pakistan and the Minister of Oil and Natural Gas of India to work toward implementation of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline. This event follows the signing of a similar agreement by the energy ministers in 2010. If built, the TAPI natural gas pipeline would export natural gas from Turkmenistan through Afghanistan to Pakistan and India, providing transit fees for the GIRoA.278

The TAPI pipeline project has been under discussion since 1995, and many obstacles remain to its implementation, as previously noted by SIGAR.279 This quarter, the Russian state-owned enterprise Gazprom announced its interest in possibly joining the TAPI consortium.280

Education
According to USAID, U.S. government education assistance in 2010 produced several achievements:281

• 40,850 Afghan teachers trained
• 60,000 children enrolled in community-based education
• 21.5 million textbooks provided

Health Services
The U.S. government is providing $4 million to help the Ministry of Public Health (MoPH) conduct a national demographic and health survey that will provide
a framework to address Afghanistan’s high rate of maternal mortality. As of November 30, 2010, according to USAID, $2,848,266 had been spent on this survey; an additional $350,000 was expected to be spent in December 2010. The costs included capacity-building efforts to assist the MoPH with the methodology, sampling, and management of the survey. USAID noted the following milestones:

- A total of 24,000 Afghan households from 751 population clusters were identified for sampling.
- Some 150 to 180 field staff—including surveyors, supervisors, editors, and monitors—were hired to collect survey data; in addition, 5 full-time editors and 15 data entry operators were hired.
- Of 751 surveys, 681 (91%) were completed and received for data entry, as of December 24, 2010.

Preliminary results are expected to be available in February or March 2011, according to USAID. The MoPH is planning to disseminate the survey results at a national seminar in June 2011.

Water
Afghanistan's water sector has suffered severe damage from years of conflict and persistent drought. To develop Afghanistan’s water resources, the U.S. government awarded approximately $250 million in grants, contracts, and cooperative agreements from 2002 through the second quarter of 2010, according to the Government Accountability Office (GAO). A GAO audit released this quarter reported that the U.S. government plans to accelerate its efforts to rebuild Afghanistan's water sector and will need an additional $2.1 billion to fully fund the projects planned for FY 2010 to FY 2014.

The challenges to this sector were highlighted in the most recent National Risk and Vulnerability Assessment for Afghanistan (NRVA), which found that only about 27% of Afghans have access to safe drinking water and only about 5% have access to improved sanitation. The World Bank reported in 2010 that the percentage of the Afghan population with access to piped water infrastructure is among the lowest in the world—18%. Irrigation in Afghanistan remains underdeveloped, as well. Only about 30% of the agricultural land has access to adequate supplies of water, according to the GAO.

GAO's audit of the water sector reached conclusions similar to those of SIGAR infrastructure audits, which have consistently found that sustainability and inter-agency coordination remain challenging. The GAO audit concluded that the efforts of U.S. agencies in the water sector were hampered by the lack of a centralized database for reconstruction projects. The lack of an inter-agency implementation plan was also an issue.

Transportation
As part of the U.S. strategy to improve freedom of movement and expand trade routes in Afghanistan, the United States is building transportation infrastructure, including roads, railroads, and airports. This quarter, progress continued on the
Strategic Provincial Roads project connecting towns in the east and south to provincial centers; however, civil aviation suffered a setback owing to Afghanistan’s failure to set up a regulatory agency capable of enforcing internationally accepted safety standards.

**Roads**

USAID has obligated $270 million of the Strategic Provincial Roads project to build roads in eastern and southern Afghanistan. The project was originally scheduled to build more than 1,000 kilometers (km) of engineered gravel roads and bridges by December 2011. Because of construction delays, however, the scope of the project has been reduced to 450 km. According to USAID, more than 1,800 km of regional highways, national highways, and provincial and rural roads were completed in 2010.291

USAID also noted that continuing construction and refurbishment on 800 km of roads includes the following funding:292

- $178 million for a 101-km section of the national highway between Gardez and Khowst
- $95 million for a 92-km section of the national highway between Gardez and Ghazni
- $126 million for a 103-km section of the national highway in Badakhshan, 97% of which was completed in December 2010

To address the GIRoA’s lack of capacity to maintain roads, the North Atlantic Treaty Organization (NATO) launched a new pilot program between the International Security Assistance Force (ISAF) and the Afghan National Security Forces (ANSF) to secure and maintain the roads in Kapisa province. Under this agreement, NATO forces will train locally recruited ANSF forces to protect the roads, clear them of mines, and maintain them.293

In cooperation with the Afghan Ministry of Public Works, USAID is continuing to support a project to operate and maintain more than 1,500 km of rehabilitated roads. Part of this program includes evaluating the technical and managerial competencies and needs of both GIRoA and private-sector Afghan companies involved in road construction, according to USAID.294

**Railroads**

At the end of 2010, three major rail lines were in the planning, development, or construction stages. If completed, they could help spur economic development by providing Afghanistan with access to the Indian Ocean and markets in Asia, Central Asia, and Europe. Two of the three proposed lines would be funded through the Asian Development Bank (ADB). The United States and Japan are the two largest contributors to the ADB, each holding about 15% of the bank’s shares.295

The longest rail line would run north to south along a proposed 718-km route from Mazar-e-Sharif to Torkham, linking central Afghanistan to Pakistan and Uzbekistan. As noted in SIGAR’s October 2010 quarterly report, the state-owned Chinese company that won the rights to develop the Aynak copper mine signed
an agreement with the GIRoA to build this rail line. This company has a significant investment in rail lines in Pakistan, according to a NATO publication, and plans to link this new railway to Pakistan’s state-owned railway network. The Afghan line is to be designed to carry the heavy loads required by extractive industries; if completed, it would expedite the export of minerals extracted from the Aynak mine.296

A second railway corridor under discussion would run east to west, from Herat to Sherkhan Bandar. This line would be jointly financed by the Asian Development Bank and the GIRoA. As of November 2010, a feasibility study was under way for this 1,105-km railway; completion of the rail line is estimated to take five to nine years. In addition, according to a NATO publication, Iran is providing the funds for a $1.2 million feasibility study for a rail line linking Iran to Herat.297

A third, shorter rail line is nearing completion—the 75-km rail line from Hairatan to Mazar-e Sharif. This rail line was cofinanced by the Asian Development Bank and the GIRoA. As noted in SIGAR’s April 2010 quarterly report, USAID provided $5 million to help finish construction of this rail line. The estimated completion date for this project is June 2011.298

Figure 3.26 shows the proposed rail lines, which loosely parallel some of the ancient Silk Road routes. Officials hope these new rail lines will relieve pressure on the town of Hairatan, near the Uzbekistan border, according to a NATO publication. About half of all commercial imports pass through Hairatan, and the town cannot cope with the growing volume of trade.299

Airlines
As noted in SIGAR’s April and October 2010 quarterly reports, the U.S. government funds infrastructure and training programs to build civil aviation capacity in Afghanistan. A major milestone was achieved in March 2010 when ISAF turned over a key portion of the Kabul International Airport to GIRoA control. This quarter, however, the challenge in bringing this sector up to international standards was underscored by the decision of the European Commission to ban all Afghan private airlines from landing in European Union countries because of safety concerns. Joining state-owned Ariana Afghan airways, which was already blacklisted, were private carriers Kam Airways, Pamir Airways, and Safi Airways. In announcing the ban, the European Commission noted that the GIRoA had failed to set up a regulatory agency that complied with the standards set by the International Civil Aviation Organization (ICAO).300

Banned carriers could continue to land in European airspace, however, by leasing planes from carriers that meet ICAO international safety standards.301 Following the announcement, Safi Airways announced that it would lease European-registered aircraft for its Frankfurt passengers in order to continue operating its Frankfurt-to-Kabul routes.302

FIGURE 3.26
PROPOSED RAILWAY LINES

Communications

The tremendous growth of telecommunications is one of Afghanistan’s success stories. In contrast to other areas of the economy, the private sector has led the growth of the telecommunications sector. According to the World Bank, private firms accounted for 99.2% of all telecommunications subscriptions in Afghanistan by early 2010. More than half of all Afghan households have at least one cell phone, and the World Bank forecasted that cell phone subscriptions will reach 19 million by the end of 2011.303

This quarter, Afghan Wireless, one of Afghanistan’s five licensed cellular network operators, announced it had selected Nokia Siemens to expand its coverage, especially in rural areas. Under the terms of the contract, the Swedish company will modernize and expand the Afghan operator’s cellular network and will provide data management, billing, and charging platforms, as well as other support services.304

The Nokia contract reflects the GIRoA’s efforts to encourage providers to upgrade cellular phone service nationwide to a faster standard and to expand to rural underserved areas. There were more than 14 million mobile phone subscribers in Afghanistan as of June 2010, according to the Ministry of Information and Communications Technology. Continually upgrading service is important to the economy because, among other reasons, in 2010 this sector provided the single largest source of tax revenue for the GIRoA.305

In another communications development this quarter, Radio Azadi announced the launch of an interactive news and emergency alert service for Etisalat mobile phone subscribers in Afghanistan. This new service was made possible through an Etisalat partnership with Radio Free Europe/Radio Liberty, an organization funded by the U.S. government. 306 Radio Azadi was founded by Radio Free Europe in 1985; today, it is a leading media outlet in Afghanistan, reaching an estimated 50% of the nation’s population. Azadi is widely known for the diversity and popularity of its programming and for sponsoring a debate during the presidential elections featuring President Hamid Karzai and two other leading candidates.307

Impact of Security on Infrastructure

In addition to budget and capacity constraints, security continues to affect the sustainability of Afghan infrastructure projects. According to CENTCOM, from October 1 through December 25, 2010, there were 111 attacks against infrastructure. These attacks consisted primarily of improvised explosive devices, direct fire, and indirect fire. CENTCOM noted that attacks this quarter followed seasonal weather trends—decreasing as weather conditions became less favorable.308 These attacks occurred in 16 provinces, as shown in Figure 3.27.

Protection of key infrastructure is part of the ISAF counterinsurgency strategy. For example, SIGAR noted in its January 2010 quarterly report that a force of 4,000 ISAF and ANSF troops protected the military convoy delivering the third turbine to the Kajaki Dam, in which the U.S. has invested more than $100 million.309
Ban on Private Security Contractors

This quarter, President Karzai issued an executive decree banning private security contractors (PSCs), which would have had a major impact on the ability of development partners to implement reconstruction projects. The ban would have required all PSCs to disband and leave the country by December 17, 2010. Many development organizations depend on PSCs.

After extensive discussions with the international community, a spokesman for the Afghan Ministry of Interior announced on December 6, 2010, that licensed PSCs would be allowed to continue to operate in Afghanistan until their contracts expire. The following restrictions apply:

- PSCs must move out of the diplomatic enclave in Kabul, and their personnel must wear uniforms.
- PSCs guarding NATO convoys are required to partner with the ANSF.
- PSCs are not allowed to stop vehicles, search houses, or put up roadblocks.
- PSC responsibilities for providing security will be gradually transitioned to the ANSF.

Industry and Natural Resource Development

This quarter, key developments included a new U.S.-funded project to strengthen financial management at the Afghan Ministry of Agriculture, Irrigation, and Livestock (MAIL), as well as the release of a World Bank report highlighting continued challenges in developing Afghanistan's private sector.

Agriculture and Food Aid

As noted in SIGAR's October 2010 quarterly report, wheat is Afghanistan’s staple crop, providing half of the country’s caloric needs. This quarter, the U.S. Department of Agriculture (USDA) announced a new program to strengthen food security in Afghanistan by introducing a new strain of disease-resistant wheat seed. This new type of seed is designed to halt the spread of wheat-stem rust, which could threaten Afghanistan’s crop yields. After a sufficient quantity of the seed has been produced, the MAIL plans to make it available to more than 60,000 Afghan farmers in 2011. According to researchers at the USDA, this donation will provide Afghanistan with 65% of its rust-resistant wheat stock for 2011.

In addition to increasing crop yields, U.S. government programs provide direct food assistance to vulnerable Afghans. As previously noted in SIGAR quarterly reports, Afghanistan is a net food importer because it cannot yet produce enough food to meet domestic consumption needs. As of December 9, 2010, USAID reported that it had provided a total of $45.98 million to the World Food Program and Catholic Relief Services to distribute food commodities to food-insecure areas of Afghanistan.

In a major capacity-building effort this quarter, the USDA awarded a $36 million cooperative agreement to the Volunteers for Economic Growth Alliance (VEGA) to strengthen the financial management capabilities of the MAIL. The goal is to help prepare the ministry to receive more direct funding from the U.S.
government, according to the USDA. VEGA will make recommendations to modernize the MAIL and improve the effectiveness of its operations. It will also help the ministry establish a grants management unit capable of receiving and managing funds from international donors.314

**Private-Sector Development**

The U.S. government has identified improvements that need to be made in order to promote private sector development in Afghanistan. As noted in SIGAR's October 2010 quarterly report, USAID provided $56.3 million from 2004 to 2009, to help ameliorate obstacles to land titling and ownership. The lack of reform in these areas has been identified as a key obstacle to growing the private-sector economy.315

This quarter, the World Bank released its annual Doing Business 2011 survey for 183 economies worldwide, which highlighted persistent challenges in this area. Afghanistan fell two places in the rankings, from 165 in 2010 to 167 in 2011. The change was caused primarily by greater difficulties reported in starting a business, obtaining construction permits, registering property, getting credit, and enforcing contracts. For example, the survey ranked Afghanistan as the worst in the world (183rd) in terms of protecting investors, trading across borders, and closing a business.316

The survey noted that it takes about 250 days in Afghanistan to register property, compared with 50 days in Pakistan, 37 in Tajikistan, 51 in Iraq, and 36 in Iran.317 In addition, the survey found that Afghanistan faced many challenges in trading across borders because of inefficient customs procedures that caused significant delays and too many paperwork requirements for both exporters and importers.318

**SIGAR AUDIT**

In an ongoing audit, SIGAR is examining the programs of U.S. agencies involved in developing the agriculture sector and the effect of these programs on the counter-insurgency effort. For more information, see Section 1, p. 16.

**Major Trade Agreement Reached:**

On January 11, 2011, Afghanistan and Pakistan formally signed and exchanged the instruments ratifying the Afghanistan-Pakistan Transit Trade Agreement. This agreement, which is to go into effect within 30 days, will make it easier for Afghan trucks to transport Afghan products to India.

COUNTER-NARCOTICS

From 2002 through 2010, the United States appropriated more than $4.49 billion for counter-narcotics initiatives in Afghanistan. In 2010, Afghanistan saw a marked decline in the yield of poppy fields. Nevertheless, the country remained the world’s largest producer of poppy.

This quarter, the Government of the Islamic Republic of Afghanistan (GIRoA) conducted several successful interdiction campaigns. However, according to the U.S. Department of Defense (DoD), Afghan counter-narcotics forces remain highly dependent on the International Security Assistance Force (ISAF).

POPPY CULTIVATION AND OPIUM PRODUCTION

This quarter, the United Nations Office on Drugs and Crime (UNODC) reported that Afghan opium production has dropped significantly—from 6,900 metric tonnes (MT) in 2009 to 3,600 MT in 2010. The low yield was caused primarily by a poppy blight that affected crops. DoD stated that GIRoA actions—including campaigns carried out before planting time and alternative development programs—also contributed to the decrease in poppy cultivation.

Despite the low yield, the UNODC reported that Afghanistan remains the largest poppy-cultivating country in the world, as shown in Figure 3.28 on the next page. In 2010, Myanmar, the country with the second-highest cultivation, produced 15.1 kilograms (kg) of poppy per hectare of land while Afghanistan produced 29.2 kg per hectare.

According to the UNODC, the type of land in Afghanistan contributes to its high poppy cultivation. Farmers in Myanmar grow poppy on steep hills with poor soil and no irrigation systems, while Afghan farmers cultivate on flat land with better soil and irrigation.

Twenty of Afghanistan’s 34 provinces were poppy-free, as of September 2010, according to the U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL)—the same number reported by the UNODC in September 2009. No new provinces became poppy-free in 2010; only two were made poppy-free in 2009. Poppy-free provinces qualify for a $1 million annual incentive award through the Good Performers Initiative, a joint effort of INL and the Afghan Ministry of Counter-Narcotics.
Because of the low poppy yield in 2010, a hectare of poppy yielded a higher gross income for Afghan poppy farmers in 2010—$4,900 per household, compared with $3,600 in 2009. The revenue from the sale of these narcotics could provide more than $660 million in funding for Afghan crime syndicates and billions of dollars of profit for international criminal organizations, according to the UNODC.

**COMBATING THE DRUG TRADE**

The narcotics trade weakens Afghanistan’s political stability, economic growth, rule of law, and ability to address internal security problems, according to INL. In addition, the narcotics trade hampers the fight against the insurgency. INL stated this quarter that fighting the narcotics trade in Afghanistan requires a whole-of-government approach, combining counter-insurgency, counter-narcotics, development, and governance.

Corruption presents a special challenge to counter-narcotics efforts. According to DoD, the prevalence of corruption creates a favorable environment for narco-traffickers.

This quarter, U.S. counter-narcotics programming focused on assisting the GIRoA with interdiction and alternative development programming.
Interdiction Operations
This quarter, most interdiction operations took place across the south and southwest, where most poppy is grown. According to DoD, the Afghan National Security Forces (ANSF) also increased the number of operations it carried out in the east and north. These operations focused on combating the insurgency-narcotics-corruption nexus.331

From October 1 to December 27, 2010, the ANSF, in partnership with ISAF, conducted 78 interdiction efforts in which 137 suspects were arrested. These joint operations seized the following items:332

- 21,072 kg of opium
- 161 kg of morphine
- 3,109 kg of heroin
- 15,170 kg of chemicals

As of January 6, 2011, there was no interdiction campaign plan in Afghanistan. According to DoD, the lack of such a plan has created difficulties for military planners and has limited the success of counter-narcotics efforts.333

Afghanistan has several counter-narcotics forces, including the Counter-Narcotics Police of Afghanistan (CNPA) and the Afghan Special Narcotics Forces. However, DoD stated this quarter that these forces continue to rely on ISAF support when operating in areas with a significant Taliban presence, especially in Regional Command-South, where the link between insurgency and the narcotics trade is strongest. According to DoD, the GIRoA continues to work closely with ISAF to improve the capabilities of the CNPA.334

Alternative Development Programming
Alternative development programming aims to provide farmers with economically viable legal alternatives to growing illicit crops.335 Agriculture is the major source of income for most Afghans.336 The 2010 Afghanistan and Pakistan Regional Stabilization Strategy identified agriculture as the fastest conveyer of licit jobs. With more legal avenues at farmers’ disposal, the goal of the strategy is that fewer farmers will grow poppy, thereby weakening the drug trade that funds the insurgency.337

The U.S. Agency for International Development (USAID) does not measure progress in alternative development on a quarterly basis. Because farmers plant their crops in the fall, it is difficult to gauge the acreage that is planted until the crops mature in February and March. However, three U.S. alternative development projects reported specific activities this quarter:338

- Afghanistan Vouchers for Increased Production in Agriculture (AVIPA) Plus
- Afghanistan Water, Agriculture, and Technology Transfer (AWATT)
- Roots of Peace

SIGAR AUDIT
As part of an ongoing audit of U.S. assistance to the agriculture sector, SIGAR is examining the effectiveness of U.S. agricultural programming in achieving counter-narcotics objectives. For more information, see Section 1, p. 16.
AVIPA Plus

AVIPA Plus, an extension of the $60 million AVIPA project of 2008, was launched in June 2009 and is set to end in March 2011. This $300 million project has two purposes: to provide farmers with vouchers to purchase agricultural materials, including seed and fertilizer, and to implement permanent programming in southern Afghanistan (especially Helmand and Kandahar) that will make long-term alternative development possible. The AVIPA project is increasingly focused on permanent programming, which includes the following:

- replacements for poppy (such as tree and vine crops)
- cash-for-work programs
- grants-in-kind to local organizations and communities rather than short-term voucher assistance

As of December 31, 2010, USAID had distributed AVIPA vouchers to 173,755 farmers in 31 provinces. Of these vouchers, 165,380 were redeemed for certified wheat seed and fertilizer. In a separate initiative, AVIPA distributed vouchers to farmers in Helmand and Kandahar; 32,266 vouchers were redeemed for melon, legume, okra, vegetable and corn seed, and fertilizer.

AVIPA also performs province-specific activities. For instance, under the IDEA-NEW program, 15,000 farmers in Nangarhar, Laghman, Kunar, and Nuristan received vouchers for vegetable seeds and fertilizer to plant on half a Jerib of land. In Helmand, where approximately 50% of all Afghan poppy was cultivated in 2010, the project provided farmers with agricultural inputs (including seed, fertilizer, tools, and machinery) as well as training in agricultural modern techniques. According to USAID, the additional income derived through this program is likely to deter farmers from growing poppy; however, the program has not tracked whether these farmers have switched to other crops.

AWATT

As noted in SIGAR’s October 2010 report, reductions in poppy cultivation are sustainable only if water is available to grow alternative crops. INL has reported that poppy requires less water than other crops—a benefit in a land plagued by drought and poor irrigation.

The $24 million AWATT program aims to improve licit agricultural productivity by developing efficient, community-based, irrigation water resource distribution and management systems. AWATT, a USAID/New Mexico State University project, has active projects in several provinces, as shown in Figure 3.29.

This quarter, AWATT focused on rehabilitating Karezes. Demand for water has increased, lowering the water table. As a result, old irrigation systems are producing less water. According to USAID, the Karezes have been collapsing, forcing villagers to find ways to clean or rebuild the water systems—a dangerous, time-consuming job.
The Shindand district in Herat has been facing acute difficulty with karezes. This quarter, AWATT engineers designed a way to rehabilitate the district’s karezes, lining them with rock masonry and precast concrete slabs to eliminate cave-ins and thus the need to clean the systems annually. In addition to the repairs, engineers installed a gate at the end of the newly lined karezes so that farmers can control the flow of the water from the systems.346

Roots of Peace
As of December 2010, nearly $3.5 million had been disbursed under the Roots of Peace grant, according to USAID. Roots of Peace aims to increase income for rural farmers by improving their production and shifting their focus to crops with higher market value. The program operates in 16 southern, eastern, and central provinces. According to USAID, the program had made the following progress:347
- High-market-value orchards: Some 645 hectares of orchards and vineyards were planted by 4,000 farmers.
- Exporting and marketing fresh fruits: Grapes, pomegranates, mulberry, apricots, and apples were exported to Dubai, Tajikistan, India, Pakistan, the Netherlands, and Canada. Roots of Peace assistance with fruit storage enabled farmers and merchants to increase post-season sales. As a result, prices increased two- to threefold over four to five months.
- Gender activities: Women in 125 households began establishing small-scale poultry enterprises.

Eradication
Although the United States does not perform poppy eradication activities, the GIRoA conducts some eradication through the Governor-Led Eradication program. No poppy fields were eradicated this quarter because eradication is a seasonal activity, conducted from February to May.348

This quarter, the UNODC reported that eradication operations in 2010 had affected only 2% of the area under cultivation. In Myanmar, operations in 2010 eradicated 22%.349
ANTI-CORRUPTION

As of December 31, 2010, the United States had appropriated more than $16.15 billion to support governance and development in Afghanistan; governance includes anti-corruption efforts.350

In an audit report issued last quarter, SIGAR noted that reconstruction funding was still being provided without a comprehensive anti-corruption strategy. This quarter, SIGAR received reports that the strategy was signed, but at press time had not received documentation confirming that the strategy had been finalized.

Transparency International ranked Afghanistan the third most corrupt country in the world in 2010.351 Although a 2010 Asia Foundation survey found that 78% of Afghans have a positive opinion of their provincial governments, a Transparency International survey published this quarter showed that Afghans are split in their opinions about government effectiveness in fighting corruption.352 The survey, which measured public perceptions of corruption in 86 countries, found that 39% of Afghans believe that the Government of the Islamic Republic of Afghanistan (GIRoA) has been ineffective in fighting corruption, as shown in Figure 3.30.353 The barometer also showed that Afghans consider the judiciary to be the most corrupt institution in the country—more corrupt than political parties, police forces, the legislature, and the private sector.354 Survey results also indicated that petty bribery is a common problem in Afghanistan: 61% of Afghans reported that they had paid a bribe in the preceding 12 months.355

GIROA EFFORTS

According to the United Nations Assistance Mission in Afghanistan (UNAMA), the GIRoA has been increasing its focus on anti-corruption programming.356 For instance, on December 5, 2010, the Herat Provincial Council organized a two-day forum to discuss streamlining anti-corruption efforts in the province. Speaking at that event, the Director-General of the High Office of Oversight and Anti-Corruption (HOOAC, previously referred to as the HOO) stated that civil society, provincial councils, and the public sector can all play a crucial role in improving anti-corruption efforts in the province. The forum received support from the UNAMA and other UN agencies.357

The GIRoA’s anti-corruption efforts are divided between several agencies and organizations that receive support from the United States and other international donors. Table 3.8 on the next page provides an overview of each organization, its areas of responsibility, the leader of the organization, and the U.S. agencies supporting it.

SIGAR AUDIT

In an audit report released in August 2010, SIGAR found that the United States had provided relatively little assistance to Afghan anti-corruption entities charged with monitoring the proper use of reconstruction funds. For more information, see SIGAR, Audit 10-15, “U.S. Reconstruction Efforts in Afghanistan Would Benefit from a Finalized Comprehensive U.S. Anti-Corruption Strategy,” available at www.sigar.mil.

FIGURE 3.30

AFGHAN PUBLIC PERCEPTION OF THE GIRoA’S EFFORTS TO FIGHT CORRUPTION (PERCENT)

High Office of Oversight and Anti-Corruption

The HOOAC was established by President Hamid Karzai in July 2008. He charged it with the primary responsibility for overseeing and coordinating the implementation of the GIRoA’s anti-corruption strategy. The HOOAC is also responsible for implementing administrative procedural reform in Afghanistan.358

In December 2010, the Director-General of the HOOAC stated that the GIRoA was working to revise Afghanistan’s anti-corruption laws so that they conform to the provisions of the United Nations Convention against Corruption.359

In a report issued in November 2010, DoD noted that the HOOAC had begun publishing the asset declarations of senior GIRoA officials. However, some senior officials had refused to complete their declarations despite requests from the HOOAC and President Karzai. DoD reported that the HOOAC has also been slow to publish the declarations it received—an indication that the HOOAC is reluctant to undertake serious reforms when they are politically sensitive.360

Progress on Corruption Cases

This quarter, the U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL) reported that it had been using case records from the Anti-Corruption Unit (ACU) to track the success of anti-corruption activities. Specifically, INL had tracked the number of corruption cases being developed, the speed with which they were handled, and their dispositions. However, the Afghan Attorney General, who leads the ACU, had subsequently refused to provide INL with updates on corruption cases. INL noted that until the Attorney General is willing to share these records with the international community, INL will not be able to track the progress of these cases.361

The GIRoA has several law enforcement offices that specialize in anti-corruption cases. The Major Crimes Task Force (MCTF) investigates potential corruption crimes. When the MCTF makes arrests, the ACU prosecutes the cases in the Anti-Corruption

### TABLE 3.8

<table>
<thead>
<tr>
<th>Focus</th>
<th>Organization</th>
<th>Reports To</th>
<th>U.S. Support Provided By</th>
<th>Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preventive Measures</td>
<td>High Office of Oversight and Anti-Corruption (HOOAC), established 2008</td>
<td>President</td>
<td>USAID</td>
<td>Coordinate and monitor the implementation of preventive measures, including the Anti-Corruption Strategy, to help limit government corruption</td>
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<tr>
<td>Government Oversight</td>
<td>Control and Audit Office (CAO), established 1981</td>
<td>President</td>
<td>USAID, Treasury</td>
<td>Audit financial matters within the GIRoA</td>
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<tr>
<td>Prosecution</td>
<td>Anti-Corruption Unit (ACU), established 2009</td>
<td>Attorney General</td>
<td>DoJ, INL</td>
<td>Prosecute corruption cases</td>
</tr>
<tr>
<td>Investigation</td>
<td>Major Crimes Task Force (MCTF), established 2009</td>
<td>Deputy Minister of Security (Ministry of Interior), Director of Security General (National Directorate of Security)</td>
<td>INL, DoJ, FBI</td>
<td>Investigate high-level corruption cases</td>
</tr>
<tr>
<td>Drug-Related Law Enforcement</td>
<td>Criminal Justice Task Force (CJTF), established 2005</td>
<td>Ministry of Interior (Counter-Narcotics Police of Afghanistan), Ministry of Justice (prosecutors), Supreme Court (Central Narcotics Tribunal)</td>
<td>INL</td>
<td>Investigate and prosecute drug-related crimes and corruption</td>
</tr>
</tbody>
</table>

Drug-related corruption cases are handled by the Criminal Justice Task Force, a team of Afghan prosecutors and police investigators who investigate and prosecute significant narcotics crimes and related crimes such as corruption and money laundering. These crimes are tried before the Central Narcotics Tribunal.

**Major Crimes Task Force**

As of December 2010, the MCTF had 100 investigators from the Ministry of Interior (MoI), and 63 from the National Directorate of Security. According to INL, the MCTF is operating at 70% capacity.

The MCTF receives counterterrorism and intelligence support from the U.S. Federal Bureau of Investigation and mentoring support from the U.S. Department of Justice (DoJ). The MCTF continued to pursue corruption cases for investigation this quarter and has arrested officials who are believed to be corrupt, according to INL. However, few of these cases have been brought to trial.

In early 2010, the MCTF conducted an investigation of government official Muhammad Zia Salehi, which led to his arrest in June for accepting a bribe for releasing a detainee. Following the arrest, President Karzai ordered Salehi’s release and demanded two investigations of the MCTF, for illegal activities and for violations of Salehi’s human rights. The Attorney General dismissed the case, despite evidence that the accused engaged in corruption. In December, according to INL, the Attorney General discussed transferring two lead prosecutors on the Salehi case to a provincial office.

**Anti-Corruption Unit**

The ACU falls under the Afghan Attorney General’s Office. In the past, its prosecutors and investigators (all Afghans) had DoJ mentors and specialists to provide advice and mentoring support. However, according to INL, in July 2010, the Attorney General terminated all mentoring activities for the ACU and for the Attorney General’s Office. The DoJ mentors were permitted to return to the ACU in December but were still restricted from assisting prosecutors on specific cases. INL observed that more cases were being diverted away from the ACU and the Anti-Corruption Tribunal to other courts and prosecutors.

Also in July, according to INL, the Attorney General issued a directive that prohibited the use of polygraphs to vet prosecutors—a screening process that had been set in place to prevent corruption. Since July, the Attorney General hired 50 prosecutors for the ACU, none of whom have been screened with polygraphs. The Supreme Court issued a similar directive prohibiting polygraphs; as a result, only 5 of the 11 judges on the Anti-Corruption Tribunal have been vetted with polygraphs.

This quarter, the GIRoA secured eight corruption convictions of mid-level government officials, none of them through the Anti-Corruption Tribunal; however, INL noted that these cases were under appeal. INL also noted that no high-level government officials were prosecuted. The GIRoA initiated several investigations, but INL was not provided with details.

**SIGAR AUDIT**

In an ongoing audit, SIGAR is examining the effectiveness of U.S. efforts to strengthen the capabilities of the Major Crimes Task Force. For more information, see Section 1, page 16.
Guarding the Roads
A member of the Road Maintenance Team (RMT) scans the Tagab Valley for insurgent activity at a checkpoint in November 2010. This checkpoint was built by the RMT, civilians, and personnel from the International Security Assistance Force and the Afghan National Police. A SIGAR audit released this quarter found that many road projects are at risk because of inadequate planning for maintenance and sustainment. (ISAF photo, USAF SSgt Joseph Swafford)
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)
- U.S. 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 five oversight projects related to reconstruction or security that the participating agencies reported were completed this quarter.

**TABLE 4.1**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Report Number</th>
<th>Date Issued</th>
<th>Project Title</th>
</tr>
</thead>
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<td>DoS OIG-MERO</td>
<td>10-MERO-3002</td>
<td>12/30/2010</td>
<td>Review of the Department of State’s Contract with PAE To Provide Operations and Maintenance to Embassy Kabul</td>
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<td>GAO</td>
<td>GAO-11-1</td>
<td>10/1/2010</td>
<td>Iraq and Afghanistan: DoD, State, and USAID Face Continued Challenges in Tracking Contracts, Assistance Instruments, and Associated Personnel</td>
</tr>
<tr>
<td>USAAA</td>
<td>A-2011-0020-ALL</td>
<td>11/16/2010</td>
<td>Commander’s Emergency Response Program (CERP), U.S. Forces - Afghanistan (USFOR-A) (FOUO)</td>
</tr>
</tbody>
</table>

Note: MERO = Middle East Regional Office.

U.S. Department of State Office of Inspector General—Middle East Regional Office

Review of the Department of State’s Contract with PAE To Provide Operations and Maintenance to Embassy Kabul
(Report No. 10-MERO-3002, Issued December 30, 2010)

The objectives of this performance evaluation 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 fiscal years 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 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.

Government Accountability Office

During the last quarter, GAO released two reports—one pertaining to U.S. efforts to support the Afghan water sector, and U.S. agencies’ implementation of the Synchronized Predeployment and Operational Tracker in Afghanistan and Iraq.
- GAO’s report on U.S. efforts to support the Afghan water sector found that the goals outlined in the U.S. government’s 2010 Inter-Agency Water Strategy generally align with Afghan government strategic goals for the water sector. The Strategy identifies short-, medium-, and long-term goals to be achieved between 2010 and 2014. Additionally, since 2002, the U.S. government has implemented a wide range of water projects throughout Afghanistan to improve access to safe drinking water and sanitation, agriculture irrigation, and water-sector management. These projects generally align with Afghan water-sector goals.

The United States expects to accelerate development efforts in the water sector and estimates that an additional $2.1 billion will be needed to fund these efforts from FY 2010 through FY 2014. The Government Performance and Results Act and several U.S. strategic documents concerning operations in Afghanistan emphasize the importance of inter-agency coordination. GAO has reported on the importance of inter-agency coordination and collaboration when multiple U.S. agencies are involved in U.S. counter-terrorism-related efforts.

GAO’s review showed that the United States has taken steps to better coordinate water-sector development projects but that additional efforts are
needed. For example, the U.S. government has developed an Infrastructure Working Group, an Inter-Agency Water Strategy, and has started to meet on a regular basis. However, an inter-agency implementation plan called for in the strategy has not been completed. Also, USAID and DoD have not developed a centralized database to enhance coordination, which GAO previously recommended. Moreover, U.S. agencies generally do not meet on a regular basis with all the relevant ministries in the Afghan government, and they lack complete data concerning other donor projects to maximize the U.S. investment in development projects.

USAID’s Automated Directives System outlines USAID’s performance management and monitoring procedures. GAO found that gaps existed in USAID’s performance management and monitoring efforts for water sector projects in Afghanistan. For example, while four of the six implementers of projects GAO reviewed established performance indicators, some did not always establish targets for the indicators as required. In addition, although USAID collected quarterly progress reports from five of the six water project implementers for the projects GAO reviewed, it did not analyze and interpret this information as required. Finally, though USAID has identified several alternative monitoring procedures staff can use to help mitigate monitoring challenges in high-threat environments, USAID has not effectively ensured that such guidance was disseminated to staff in Afghanistan.

The U.S. government has included a focus on building sustainability into U.S.-funded water projects in Afghanistan. Recent U.S. strategies have emphasized the importance of project sustainability. GAO has identified two key elements to ensuring water project sustainability: enhancing technical and managerial capacity to maintain projects within the institutions with water-sector responsibilities, and ensuring funding is available to keep projects operational after they have been completed. Ongoing USAID water projects included in this review have incorporated sustainability initiatives. DoD guidance also emphasizes sustainability. However, DoD officials have acknowledged the difficulties of sustaining water projects in Afghanistan.

GAO makes several recommendations to the USAID Administrator, in conjunction with DoD and other relevant agencies, to improve planning, coordination, and management of U.S.-funded water projects in Afghanistan. This includes developing an inter-agency plan and designating a centralized database. GAO also recommends steps the USAID Administrator needs to take to improve performance management. USAID and DoD generally concurred with GAO’s recommendations (GAO-11-138).

- GAO’s report on U.S. agencies’ implementation of the Synchronized Predeployment and Operational Tracker (SPOT) found that while DoD, DoS, and USAID designated SPOT as their system for tracking statutorily required information in July 2008, SPOT still cannot reliably track information on contracts, assistance instruments, and associated personnel in Iraq or Afghanistan. As a result, the agencies relied on sources of data other than SPOT to respond to GAO requests for information. The agencies’
implementation of SPOT has been affected by some practical and technical issues, but their efforts also were undermined by a lack of agreement on how to proceed, particularly on how to track local nationals working under contracts or assistance instruments. The lack of agreement was due in part to agencies not having assessed their respective information needs and how SPOT can be designed to address those needs and statutory requirements.

In 2009, GAO reported on many of these issues and recommended that the agencies jointly develop a plan to improve SPOT’s implementation. The three agencies reported to GAO that as of March 2010 there were 262,681 contractor and assistance personnel working in Iraq and Afghanistan, 18% of whom performed security functions. Due to limitations with agency-reported data, caution should be used in identifying trends or drawing conclusions about the number of personnel in either country. Data limitations are attributable to agency difficulty in determining the number of local nationals, low response rates to agency requests for data, and limited ability to verify the accuracy of reported data. For example, a DoS office noted that none of its Afghan grant recipients provided requested personnel data.

While agency officials acknowledged not all personnel were being counted, they still considered the reported data to be more accurate than SPOT data. Only DoS and USAID tracked information on the number of contractor and assistance personnel killed or wounded in Iraq and Afghanistan during the review period. DoS reported 9 contractor and assistance personnel were killed and 68 wounded, while USAID reported 116 killed and 121 wounded. Both agencies noted that some casualties resulted from nonhostile actions. DoD still lacked a system to track similar information and referred GAO to Department of Labor data on cases filed under the Defense Base Act for killed or injured contractors. As GAO previously reported, Labor’s data provide insights but are not a good proxy for the number of contractor casualties.

DoD, DoS, and USAID obligated $37.5 billion on 133,951 contracts and assistance instruments with performance in Iraq and Afghanistan during FY 2009 and the first half of FY 2010. DoD had the vast majority of contract obligations. Most of the contracts were awarded during the review period and used competitive procedures. DoS and USAID relied heavily on grants and cooperative agreements and reported that most were competitively awarded.

While DoD and DoS did not comment on the draft report, USAID commented on the challenges of implementing SPOT and provided revised personnel data that GAO reviewed and included in the report. In response to GAO’s 2009 report, DoD, DoS, and USAID did not agree with the recommendation to develop a plan for implementing SPOT because they felt ongoing coordination efforts were sufficient. GAO continues to believe a plan is needed to correct SPOT’s shortcomings and is not making any new recommendations (GAO-11-1).

In addition, GAO began a new engagement focusing on U.S. efforts to build the Afghan government’s capacity to manage its budget and finances.
U.S. Army Audit Agency

**Commander’s Emergency Response Program (CERP), U.S. Forces -Afghanistan (USFOR-A) (FOUO)**


This report is protectively marked For Official Use Only. The Deputy Commanding General, USFOR-A requested the audit. USFOR-A agreed with the report’s conclusions and recommendations and took action or was in the process of taking action on the recommendations. The Assistant Secretary of the Army (Financial Management and Comptroller) provided the official Army position and agreed with the report’s finding and recommendations.

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

**Review of USAID/Afghanistan’s Ministerial Assessment Process**


The final report was issued on November 6, 2010. USAID OIG conducted this review to determine whether USAID’s ministerial assessment process provides reasonable assurance of identifying significant vulnerabilities that could result in waste or misuse of U.S. government resources.

Most of the assessments completed to date were based mainly on reviews of written procedures, inquiries of ministry officials, and inspection of a limited number of transactions. More testing of controls would have provided greater assurance of detecting vulnerabilities that could result in waste or misuse of U.S. government funds.

The draft scopes of work for future assessments can be strengthened by telling reviewers what program(s) ministries may be asked to manage, assessing the control environment, expanding coverage of controls over human resources and fixed assets, and providing more detailed guidance to reviewers on how to assess compliance with applicable laws and regulations.

The report recommended that USAID/Afghanistan

- Develop and implement suitable policies, procedures, and practices so that ministerial assessments will provide reasonable assurance of identifying significant vulnerabilities that could result in waste or misuse of U.S. government funds.
- Make appropriate modifications to the scopes of work for future ministerial assessments as outlined in this report.
- Rely on joint donor assessments of host government ministries to the degree that they meet USAID’s needs. If additional assessments are needed to meet USAID’s needs, the work should build on but not duplicate work already performed, to the extent possible.
As of December 31, 2010, the participating agencies reported 38 ongoing oversight activities related to reconstruction or security in Afghanistan. The activities reported are listed in Table 4.2 and described in the following sections by agency.

### 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.” DoD OIG has

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<th>Date Initiated</th>
<th>Project Title</th>
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<td>DoD OIG</td>
<td>D2011-D000FR-0089.000</td>
<td>11/30/2010</td>
<td>Internal Controls Over Distribution and Reconciliation of Funds for the Afghanistan National Army Payroll</td>
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<td>DoD OIG</td>
<td>D2011-D000JB-0068.000</td>
<td>11/17/2010</td>
<td>Requirements Development Process for Military Construction Projects in Afghanistan</td>
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<td>DoD OIG</td>
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<td>11/2/2010</td>
<td>DoD Oversight of the Northern Distribution Network</td>
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<td>DoD OIG</td>
<td>D2011-D000AS-0030.000</td>
<td>10/1/2010</td>
<td>Management and Oversight for DoD Acquisition and Support of Non-Standard Rotary Wing Aircraft</td>
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<td>DoD OIG and DoS OIG</td>
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<td>9/2/2010</td>
<td>Controls Over the Reporting and Propriety of Commander’s Emergency Response Program Payments in Afghanistan</td>
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<td>6/14/2010</td>
<td>Construction of the Detention Facility in Parwan, Afghanistan</td>
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<td>D2010-D000SP0-0198.000</td>
<td>4/19/2010</td>
<td>Assessment of Efforts To Train, Equip, and Mentor the Expanded Afghan National Police</td>
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<td>2/18/2010</td>
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<td>DoD OIG</td>
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<td>12/9/2009</td>
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<td>DoS OIG-MERO</td>
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<td>9/2010</td>
<td>Review of the Bureau of International Narcotics and Law Enforcement Affairs’ Correction Systems support Program (CSSP) in Afghanistan</td>
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<td>2/2010</td>
<td>Review of the Department of State’s Contract with PAE To Provide Operations and Maintenance to Afghan Counter-Narcotics Units in Afghanistan</td>
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<td>351525</td>
<td>8/13/2010</td>
<td>DoD Task Force for Business and Stability Operations (TFBSO)</td>
</tr>
<tr>
<td>GAO</td>
<td>320794</td>
<td>7/21/2010</td>
<td>Accountability of U.S. Direct Funding to Afghanistan</td>
</tr>
<tr>
<td>GAO</td>
<td>351514</td>
<td>6/14/2010</td>
<td>Army Advise and Assist Brigades</td>
</tr>
<tr>
<td>GAO</td>
<td>351489</td>
<td>4/26/2010</td>
<td>DoD Vetting in Afghanistan</td>
</tr>
</tbody>
</table>
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.

The DoD OIG-led Southwest Asia Joint Planning Group coordinates and deconflicts federal and DoD OCO-related oversight activities. The Group held its fifteenth meeting in November 2010.

DoD OIG’s ongoing OEF-related oversight addresses the safety of personnel with regard to construction efforts, force protection programs for U.S. personnel, accountability of property, improper payments, contract administration, distribution and reconciliation of funds for the Afghan National Army (ANA) payroll; oversight of the contract for training the Afghan National Police (ANP); logistical distribution within Afghanistan; information operations, armoring capabilities, and acquisition planning and controls over funding for the Afghan National Security Forces (ANSF).

**Oversight Activities**

For the first quarter of FY 2011, DoD OIG had 43 ongoing oversight activities and issued 3 reports that support OEF. Of those 43 ongoing projects, 12 directly relate to reconstruction or security operations in Afghanistan and are incorporated in this quarterly report. Of the 3 issued reports, none directly relate to reconstruction or security operations in Afghanistan as defined by SIGAR and therefore are

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**TABLE 4.2 (CONTINUED)**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Project Number</th>
<th>Date Initiated</th>
<th>Project Title</th>
</tr>
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<tr>
<td>GAO</td>
<td>320766</td>
<td>4/1/2010</td>
<td>U.S. Civilian Surge in Afghanistan</td>
</tr>
<tr>
<td>GAO</td>
<td>351463</td>
<td>3/12/2010</td>
<td>Afghanistan ISR Capabilities</td>
</tr>
<tr>
<td>GAO</td>
<td>320712</td>
<td>9/2/2009</td>
<td>U.S. Efforts To Develop Capable Afghan National Army (ANA) Forces</td>
</tr>
<tr>
<td>GAO</td>
<td>351393</td>
<td>8/21/2009</td>
<td>DoD Health Care Requirements for Contingency Operations</td>
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<tr>
<td>USAAA</td>
<td>A-2011-ALL-0135.000</td>
<td>10/9/2010</td>
<td>Micro-Purchases of Field Ordering Officers - Afghanistan</td>
</tr>
<tr>
<td>USAAA</td>
<td>A-2010-ALL-0480.000</td>
<td>5/21/2010</td>
<td>Agreed-Upon Procedures Attestation for USFOR-A LOGCAP Course of Action - Afghanistan</td>
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<tr>
<td>USAAA</td>
<td>A-2010-ALL-0421.000</td>
<td>4/4/2010</td>
<td>LOGCAP IV Contract Requirements Determination-Afghanistan</td>
</tr>
<tr>
<td>USAAA</td>
<td>A-2010-ALL-0103.000</td>
<td>3/3/2010</td>
<td>Controls Over Vendor Payments Phase II - Afghanistan</td>
</tr>
<tr>
<td>USAID OIG</td>
<td>Not provided</td>
<td>Not provided</td>
<td>Review of Cash Disbursement Practices Employed by Selected USAID/Afghanistan Contractors and Grantees</td>
</tr>
<tr>
<td>USAID OIG</td>
<td>Not provided</td>
<td>Not provided</td>
<td>Audit of USAID/Afghanistan’s Election Support Programs</td>
</tr>
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<td>USAID OIG</td>
<td>Not provided</td>
<td>Not provided</td>
<td>Audit of USAID/Afghanistan’s Water, Agriculture and Technology Transfer (AWATT) Program</td>
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<tr>
<td>USAID OIG</td>
<td>Not provided</td>
<td>Not provided</td>
<td>Audit of USAID/Afghanistan’s Construction of Health and Education Facilities (CHEF) Program</td>
</tr>
</tbody>
</table>

not incorporated in this quarterly report. These three reports address contract administration matters and testing of assets that support DoD operations in Afghanistan.

**Internal Controls Over Distribution and Reconciliation of Funds for the Afghanistan National Army Payroll**
(Project No. D2011-D000FR-0089.000, Initiated November 30, 2010)

DoD OIG is determining whether adequate controls are in place to ensure that the North Atlantic Treaty Organization Training Mission - Afghanistan/Combined Security Transition Command - Afghanistan (NTM-A/CSTC-A) is distributing DoD funds accurately and timely to the Afghanistan ministries for the ANA payroll. In addition, DoD OIG is determining whether NTM-A/CSTC-A has implemented an adequate mentoring process to assist Afghanistan ministries in providing accurate payments to ANA personnel.

**Requirements Development Process for Military Construction Projects in Afghanistan**
(Project No. D2011-D000JB-0068.000, Initiated November 17, 2010)

DoD OIG is evaluating the requirements development process for military construction projects in Afghanistan. Specifically, DoD OIG is determining whether the requirements development process results in statements of work that clearly define required results, have measurable outcomes, and meet DoD needs.

**DoD Oversight of the Northern Distribution Network**
(Project No. D2011-D000JA-0075.000, Initiated November 2, 2010)

DoD OIG is assessing DoD oversight of the Northern Distribution Network and evaluating the ability of DoD to plan, coordinate, and execute sustainment operations for Afghanistan through the Northern Distribution Network.

**Management and Oversight for DoD Acquisition and Support of Non-Standard Rotary-Wing Aircraft**
(Project No. D2011-D000AS-0030.000, Initiated October 1, 2010)

DoD OIG is determining whether DoD officials properly and effectively managed the acquisition and support of non-standard rotary-wing aircraft, such as the Russian Mi-17 aircraft, to include those acquired using the Afghanistan Security Forces Fund or any DoD-related requirements. Multiple projects may be initiated under this objective.

**Afghan National Police Training Program**
(Project No. D2011-D000JA-0009.000) [D-S 11AUD3001], Initiated September 30, 2010)

DoD OIG and the DoS Inspector General (DoS OIG) are performing this joint audit to meet an anticipated requirement in the FY 2011 National Defense Authorization Act that will require DoD OIG, in consultation with DoS OIG, to
issue a report on the ANP Training Program. DoD OIG/DOS IG is evaluating
DoD and DoS efforts to transfer contract administration for the ANP Program.
Specifically, DoD OIG/DoS OIG will assess the cost, performance measures, and
planning efforts associated with the transfer to ensure enhanced contract over-
sight, adequate funding and support, and effective program management. The
joint team also plans to follow up on the joint DoD OIG Report No. D-2010-042
and DoS OIG Report No. MERO-A-I O-6, “Department of Defense Obligations and
Expenditures of Funds Provided to the Department of State for the Training and

Controls Over the Reporting and Propriety of Commander’s Emergency Response
Program Payments in Afghanistan
(Project No. D2010-D000FL-0276.000, Initiated September 2, 2010)
DoD OIG is determining whether the internal controls over CERP payments
made to support operations in Afghanistan are adequate. Specifically, DoD OIG
will review the controls to ensure payments are proper and that complete, accu-
rate, and meaningful data is reported to those decision-makers responsible for
managing the CERP. This audit is the second in a series of audits that addresses
the internal controls over the CERP payments made to support operations in
Afghanistan.

Implementation of Security Provisions of a U.S. Army Intelligence and Security
Command Contract for Linguist Support
(Project No. D2010-D000JA-0165.001, Initiated June 21, 2010)
DoD OIG is determining whether the security provisions of a U.S. Army
Intelligence and Security Command contract for linguist support in Afghanistan
(W911W4-07-D-0010) were implemented effectively. This project is one in a
series of reviews regarding linguist support in Afghanistan. Project D2010-
D000JA-0165.000 addresses whether contract for linguist support in Afghanistan
(W911W4-07-D-0010) included appropriate security provisions.

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
USFOR-A 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.
Assessment of Efforts to Train, Equip, and Mentor the Expanded Afghan National Police  
(Project No. D2010-D000SPO-0198.000, Initiated April 19, 2010)

DoD OIG is determining whether U.S. government, NATO/International Security Assistance Force (NATO/ISAF), coalition, and Government of the Islamic Republic of Afghanistan (GIRoA) goals, objectives, plans, guidance, and resources to train, equip, and mentor the ANP are prepared, issued, operative, and relevant. DoD OIG will also determine the status of actions taken in response to recommendations made in DoD OIG Report Nos. SPO-2009-006 and SPO-2009-007, as they pertain to the ANP.

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 USFOR-A 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.

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.

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

Oversight Activities

Audit of the Afghan National Police Training (Joint)
(Project No. 11AUD3001, Initiated November 2010)

Objectives: Per an anticipated requirement in the FY 2011 National Defense Authorization Act that will require DoD OIG, in consultation with DoS OIG, to issue a report on the ANP training program, DoS OIG’s objective is to evaluate the DoD and DoS efforts to transfer contract administration for the ANP Program. Specifically, DoS OIG will assess the cost, performance measures, and planning efforts associated with the transfer to ensure enhanced contract oversight, adequate funding and support, and effective program management. DoS OIG also plans to follow-up on the joint DoD IG Report No. D-2010-042 and DoS IG Report No. MERO-A-10-6, “Department of Defense Obligations and Expenditures of Funds Provided to the Department of State for the Training and Mentoring of the Afghan National Police,” February 9, 2010.

Afghanistan Civilian Uplift (Joint)
(Project No. 11AUD3003, Initiated October 2010)

Objective: The objective of this audit is to determine the costs of the Civilian Uplift in Afghanistan, including how much has been spent to date (2009 to present) and an estimate of how much it will cost to sustain the effort (present through 2012). DoS OIG’s work will focus on the costs associated with the hiring, training, deployment, and necessary life and operational support of civilian uplift personnel assigned to Afghanistan.

Department of State Office of Inspector General–Middle East Regional Office

Oversight Activities

Limited-Scope Review of the Needs Assessments and Facilities Conditions for Newly Developed Department of State Positions in Afghanistan
(Project No. 11-MERO-3007, Initiated December 2010)

Objectives: The primary objectives of this evaluation are to determine (1) the degree to which DoS conducted needs assessments to identify, develop, and staff new positions at Embassy Kabul and its constituent posts; and (2) whether available office facilities and housing or that already provided to staff filling these new positions are adequate, safe, and secure.
(Project No. 11-MERO-3003, Initiated October 2010)  
Objectives: The primary objectives of this evaluation are to determine (1) the requirements and provisions of the contract; (2) the amount of funding DoS has obligated and expended to provide facility operations and maintenance; (3) DynCorp’s contract performance in providing facility operations and maintenance to the Major Crimes Task Force at Camp Falcon; and (4) how DoS ensures that costs incurred are properly allocated and supported.

Review of the Bureau of Population, Refugees, and Migration (PRM) Program Effectiveness to Reintegrate and Resettle Afghan Refugees  
(Project No. 10-MERO-3004, Initiated September 2010)  
Objectives: The objectives of this performance audit are to determine (1) the requirements and provisions of agreements with the UN High Commissioner for Refugees, the International Committee of the Red Cross, and nongovernmental organizations; (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 Bureau of International Narcotics and Law Enforcement Affairs’ Correction Systems Support Program (CSSP) in Afghanistan (Contract Evaluation)  
(Project No. 11-MERO-3001, Initiated September 2010)  
Objectives: The primary objectives of this evaluation are to determine whether (1) technical training, institutional capacity building, and leadership training for corrections systems and Ministry of Justice officials are appropriate and effective; (2) new prison renovation and construction meets human and sustainable standards and is being completed in a timely manner; (3) the prison classification system separates common criminals from insurgents; (4) programs to reduce radicalization of prisoners are effective; and (5) adequate correction facilities exist to meet the needs of juveniles and women.

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 counter-narcotics 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 DoS 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 DoS ensures that costs are properly allocated and supported.

Government Accountability Office

Oversight Activities

Marine Corps Equipping Strategies to Reset Equipment
(Project No. 351552, Initiated December 9, 2010)
This review will focus on the extent to which (1) the Marine Corps has a strategy in place to manage the reset of ground and aviation equipment returning from Iraq and Afghanistan; (2) the Marine Corps’ strategy for resetting equipment is aligned with the Marine Corps’ plan for force modernization; (3) the Marine Corps is able to determine the total reset costs for equipment used in operations in Iraq and Afghanistan; and (4) the Marine Corps’ budget request from FY 2009–12 for equipment reset is consistent with budget guidance.

Afghan Capacity Building
(Project No. 320815, Initiated November 5, 2010)
This review will focus on U.S. efforts to build Afghan capacity to manage and oversee the budget and build a sound financial management system. Specifically, the extent to which U.S. efforts are aligned with Afghan and international community goals and have improved the Afghan government’s capacity to manage its budget and finances.

DoD Task Force for Business and Stability Operations (TFBSO)
(Project No. 351525, Initiated August 13, 2010)
This review will focus on DoD efforts to institutionalize the Task Force’s mission, expand its scope to other countries, and evaluate its activities, including establishing goals and metrics to measure outcomes.

Accountability of U.S. Direct Funding to Afghanistan
(Project No. 320794, Initiated July 21, 2010)
This review will focus on identifying total U.S. funding and direct assistance provided to Afghanistan to support the lines of effort (security, governance,
and development) and the extent to which U.S. agencies have implemented internal controls and provided oversight over direct assistance.

**Army Advise and Assist Brigades**  
(Project No. 351514, Initiated June 14, 2010)  
This review will focus on the extent to which Army has defined the roles and missions of augmented brigade combat teams; defined the training and resourcing requirements for augmented brigade combat teams; been able to fill the requirements for augmented brigade combat teams; and the extent to which Army and DoD have assessed their use for security force assistance.

**Personnel, Equipment, and Supply Support for Operations in Afghanistan**  
(Project No. 351492, Initiated April 30, 2010)  
This review will focus on how DoD is supplying operations in Afghanistan in accordance with established plans and timelines and any challenges faced in supplying operations.

**DoD Vetting in Afghanistan**  
(Project No. 351489, Initiated April 26, 2010)  
This review will focus on DoD processes to award contracts to Afghan and Pakistani firms. Specifically, the extent to which DoD has developed and implemented a process to vet Afghan and Pakistani firms; shares information on Afghanistan and Pakistan firms with DoS, USAID, NATO, and the UN; and has assurance that armed Afghan private security contractor personnel are screened.

**U.S. Civilian Surge in Afghanistan**  
(Project No. 320766, Initiated April 1, 2010)  
This review focuses on the extent and processes through which U.S. agencies are prioritizing and fulfilling staffing requirements for the civilian surge in Afghanistan and the steps taken by U.S. agencies to prepare their personnel for deployment.

**Afghanistan ISR Capabilities**  
(Project No. 351463, Initiated March 12, 2010)  
This review will focus on intelligence, surveillance, and reconnaissance (ISR) support to military operations in Afghanistan. Specifically, DoD’s incorporation of ISR capabilities and identification of ISR shortfalls for military operations in Afghanistan into its planning efforts.

**U.S. Efforts to Develop Capable Afghan National Army (ANA) Forces**  
(Project No. 320712, Initiated September 2, 2009)  
This review focuses on how much U.S. and coalition partners have provided toward the development of the ANA and how much estimated future funding will
be needed to sustain the ANA; the extent to which U.S. and coalition partners have made progress in increasing the size and capability of the ANA; and the challenges encountered.

**DoD Health Care Requirements for Contingency Operations**  
(Project No. 351393, Initiated August 21, 2009)  
This review will focus on the extent to which DoD and the services identified meet wartime health care personnel requirements for current operations; what challenges they are encountering meeting those requirements; and to what extent they have the tools needed to meet those requirements.

**U.S. Army Audit Agency**

**Oversight Activities**

**Bulk Fuel Operations in Afghanistan**  
(Project Code A-2011-ALL-0098.000, Initiated October 9, 2010)  
This audit will determine if Class III bulk fuel depot and terminal sites in Afghanistan have sufficient internal controls over storage and distribution operations to ensure the accurate accountability of bulk fuel products and prevent the unauthorized diversion of fuel.

**Micro-Purchases of Field Ordering Officers - Afghanistan**  
(Project Code A-2011-ALL-0135.000, Initiated October 9, 2010)  
This audit will determine whether procedures for micro purchases by field ordering officers had sufficient controls in place to justify requirements and accountability of purchases.

**Agreed-Upon Procedures Attestation for USFOR-A LOGCAP Course of Action-Afghanistan**  
(Project Code A-2010-ALL-0480.000, Initiated May 21, 2010)  
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.

**LOGCAP IV Contract Requirements Determination-Afghanistan**  
(Project Code A-2010-ALL-0421.000, Initiated April 4, 2010)  
This audit will determine if the requirements determination and validation processes for the LOGCAP IV contract are in place and operating as intended.
Controls Over Vendor Payments Phase II – Afghanistan
(Project Code A-2010-ALL-0103.000, Initiated March 3, 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).

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

Oversight Activities
During the quarter, USAID OIG issued three financial audits covering $22.8 million in costs. The audits identified $943,875 in questioned costs and a shortfall in required cost-sharing contributions of $688,901. Also during the quarter, four additional financial audits were being planned or were in process, and task orders for seven financial audits were in process of being awarded. Financial audits of USAID/Afghanistan programs are performed by public accounting firms and by DCAA, and USAID/OIG performs desk reviews and/or quality control reviews of the audits and transmits the reports to USAID for action.

Review of Cash Disbursement Practices Employed by Selected USAID/Afghanistan Contractors and Grantees
Objective: To determine whether the cash disbursement practices employed by selected USAID/Afghanistan contractors and grantees ensure that disbursements are reasonable, allocable, and allowable under the agreements.

Audit of USAID/Afghanistan’s Election Support Programs
Objective: To determine whether the Support for Increased Electoral Participation in Afghanistan (IEP) and Support to the Electoral Process (STEP) programs are achieving their main goals of building the capacity of the Independent Election Commission and the Electoral Complaints Commission, supporting voter registration and election administration, strengthening the ability of political parties and independent candidates to participate in elections, and strengthening the ability of Afghan citizens to effectively participate in the electoral process.

Audit of USAID/Afghanistan’s Water, Agriculture and Technology Transfer (AWATT) Program
Objective: To determine if the Water, Agriculture, and Technology Transfer Program is achieving its main goals.
Audit of USAID/Afghanistan’s Construction of Health and Education Facilities (CHEF) Program
Objective: To determine if the activities funded under USAID/Afghanistan’s CHEF program are achieving the program’s main goals of strengthening the GIRoA’s ability to provide health service to its citizens and train competent teachers by constructing provincial hospitals, midwife training centers, and provincial teacher training centers.

OTHER AGENCY INVESTIGATIONS
SIGAR regularly coordinates with other government agencies conducting investigations in Afghanistan to monitor the progress of those investigations. As of December 31, 2010, three 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 December 31, 2010.

TABLE 4.3

<table>
<thead>
<tr>
<th>Agency</th>
<th>Open Cases</th>
<th>Closed Cases</th>
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<tr>
<td>DoS OIG-INV</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3</strong></td>
<td><strong>2</strong></td>
<td><strong>5</strong></td>
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</tbody>
</table>

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 means “SIGAR.” The phrase along the bottom side of the seal's center is in Pashtu and has the same meaning.
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>
<thead>
<tr>
<th>TABLE A.1</th>
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**CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229**

<table>
<thead>
<tr>
<th>Public Law Section</th>
<th>SIGAR Enabling Language</th>
<th>SIGAR Action</th>
<th>Section</th>
</tr>
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<tbody>
<tr>
<td><strong>Supervision</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Section 1229(e)(1)</td>
<td>The Inspector General shall report directly to, and be under the general supervision of, the Secretary of State and the Secretary of Defense</td>
<td>Report to the Secretary of State and the Secretary of Defense</td>
<td>All sections</td>
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<table>
<thead>
<tr>
<th>Duties</th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Section 1229(f)(1)</td>
<td>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 subsections (A) through (G) below.</td>
<td>Review appropriated/available funds</td>
<td>All sections</td>
</tr>
<tr>
<td>Section 1229(f)(1)(A)</td>
<td>The oversight and accounting of the obligation and expenditure of such funds</td>
<td>Review obligations and expenditures of appropriated/available funds</td>
<td>SIGAR Oversight Funding</td>
</tr>
<tr>
<td>Section 1229(f)(1)(B)</td>
<td>The monitoring and review of reconstruction activities funded by such funds</td>
<td>Review reconstruction activities funded by appropriations and donations</td>
<td>SIGAR Oversight</td>
</tr>
<tr>
<td>Section 1229(f)(1)(C)</td>
<td>The monitoring and review of contracts funded by such funds</td>
<td>Review contracts using appropriated and available funds</td>
<td>Note 1</td>
</tr>
<tr>
<td>Section 1229(f)(1)(D)</td>
<td>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</td>
<td>Review internal and external transfers of appropriated/available funds</td>
<td>Appendix B</td>
</tr>
<tr>
<td>Section 1229(f)(1)(E)</td>
<td>The maintenance of records on the use of such funds to facilitate future audits and investigations of the use of such fund[s]</td>
<td>Maintain audit records</td>
<td>SIGAR Oversight Appendix B Appendix C Appendix D</td>
</tr>
</tbody>
</table>
### CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229

<table>
<thead>
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<th>SIGAR Action</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1229(f)(1)(F)</td>
<td>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</td>
<td>Monitoring and review as described</td>
<td>Audits</td>
</tr>
<tr>
<td>Section 1229(f)(1)(G)</td>
<td>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.</td>
<td>Conduct and reporting of investigations as described</td>
<td>Investigations</td>
</tr>
<tr>
<td>Section 1229(f)(2)</td>
<td>OTHER DUTIES RELATED TO OVERSIGHT.— 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)</td>
<td>Establish, maintain, and oversee systems, procedures, and controls</td>
<td>All sections</td>
</tr>
<tr>
<td>Section 1229(f)(3)</td>
<td>DUTIES AND RESPONSIBILITIES UNDER INSPECTOR GENERAL ACT OF 1978.— In addition, . . . the Inspector General shall also have the duties and responsibilities of inspectors general under the Inspector General Act of 1978</td>
<td>Duties as specified in Inspector General Act</td>
<td>All sections</td>
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<td>Section 1229(f)(4)</td>
<td>COORDINATION OF EFFORTS.— 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</td>
<td>Coordination with the inspectors general of DoD, DoS, and USAID</td>
<td>Other Agency Oversight</td>
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<tr>
<td>Section 1229(h)(5)(A)</td>
<td>ASSISTANCE FROM FEDERAL AGENCIES.— 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</td>
<td>Expect support as requested</td>
<td>All sections</td>
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</table>
### CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229

<table>
<thead>
<tr>
<th>Public Law Section</th>
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<th>SIGAR Action</th>
<th>Section</th>
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<td>Section 1229(h)(5)(B)</td>
<td>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.</td>
<td>None reported</td>
<td>N/A</td>
</tr>
<tr>
<td>Section 1229(i)(1)</td>
<td>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 –</td>
<td>Report – 30 days after the end of each calendar quarter</td>
<td>All sections Appendix B</td>
</tr>
<tr>
<td>Section 1229(i)(1)(A)</td>
<td>Obligations and expenditures of appropriated/donated funds</td>
<td>Obligations and expenditures of appropriated/donated funds</td>
<td>Appendix B</td>
</tr>
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<td>Section 1229(i)(1)(B)</td>
<td>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</td>
<td>Project-by-project and program-by-program accounting of costs. List unexpended funds for each project or program</td>
<td>Funding Note 1</td>
</tr>
<tr>
<td>Section 1229(i)(1)(C)</td>
<td>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</td>
<td>Revenues, obligations, and expenditures of donor funds</td>
<td>Funding</td>
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## APPENDICES

### TABLE A.1 (CONTINUED)

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<td>Section 1229(i)(1)(D)</td>
<td>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</td>
<td>Revenues, obligations, and expenditures of funds from seized or frozen assets</td>
<td>Funding</td>
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<tr>
<td>Section 1229(i)(1)(E)</td>
<td>Operating expenses of agencies or entities receiving amounts appropriated or otherwise made available for the reconstruction of Afghanistan</td>
<td>Operating expenses of agencies or any organization receiving appropriated funds</td>
<td>Appendix B</td>
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<tr>
<td>Section 1229(i)(1)(F)</td>
<td>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</td>
<td>Describe contract details</td>
<td>Note 1</td>
</tr>
<tr>
<td>Section 1229(i)(3)</td>
<td>PUBLIC AVAILABILITY.— 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</td>
<td>Publish report as directed</td>
<td><a href="http://www.sigar.mil">www.sigar.mil</a></td>
</tr>
<tr>
<td>Section 1229(i)(4)</td>
<td>FORM.— 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</td>
<td>Publish report as directed</td>
<td>All sections</td>
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*Unless otherwise noted, all dollar amounts are in thousands.*
APPENDIX B
U.S. GOVERNMENT APPROPRIATED FUNDS ($ MILLIONS)
Table B.1 lists appropriated funds by program, per year, for Afghanistan reconstruction efforts, as of September 30, 2010, and the FY 2011 Presidential Budget Request.

### U.S. GOVERNMENT APPROPRIATED FUNDS

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<td>Foreign Military Financing (FMF)</td>
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<td>International Military Education and Training (IMET)</td>
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<td>NDAA Section 1207 Transfer</td>
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<td><strong>Total - Security</strong></td>
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<td>29,349.94</td>
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<td><strong>GOVERNANCE &amp; DEVELOPMENT</strong></td>
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<tr>
<td>Commander's Emergency Response Program (CERP)</td>
<td>DoD</td>
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<td>Afghanistan Infrastructure Fund</td>
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<td>Economic Support Fund (ESF)</td>
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<td>Development Assistance (DA)</td>
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<tr>
<td>Afghan Freedom Support Act (AFSA)</td>
<td>DoD</td>
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<td>Child Survival &amp; Health (CSH + GHAI)</td>
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<td>Commodity Credit Corp (CCC)</td>
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<td>Freedom Support Act (FSA)</td>
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<tr>
<td>USAID (other)</td>
<td>USAID</td>
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<tr>
<td>Non-Prolif, Antiterrorism, Demining, &amp; Related (NADR)</td>
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<td>Provincial Reconstruction Team Advisors</td>
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<td>Treasury Technical Assistance</td>
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<td><strong>Total - Governance &amp; Development</strong></td>
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<td>International Narcotics Control &amp; Law Enforcement (INCLE)</td>
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<td>Drug Interdiction &amp; Counter-Drug Activities, (DoD CN)</td>
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<td>Drug Enforcement Administration (DEA)</td>
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<td>Migration and Refugee Assistance (MRA)</td>
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<td>Voluntary Peacekeeping (PKO)</td>
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<td>Emergency Refugee &amp; Migration Assistance (ERMA)</td>
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<td>Food for Progress</td>
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<td><strong>Total - Humanitarian</strong></td>
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<td><strong>Total - International Affairs Operations</strong></td>
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Note: Numbers affected by rounding.

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**FY 2011 PRESIDENTIAL BUDGET REQUEST**

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APPENDIX C
SIGAR AUDITS

Completed Audits
During this reporting period, SIGAR completed two audits, as listed in Table C.1.

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<tr>
<th>Report Identifier</th>
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<tr>
<td>SIGAR-Audit-11-7</td>
<td>Commander’s Emergency Response Program in Laghman Province Provided Some Benefits, but Oversight Weaknesses and Sustainment Concerns Led to Questionable Outcomes and Potential Waste</td>
<td>1/2011</td>
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<tr>
<td>SIGAR-Audit-11-6</td>
<td>Inadequate Planning for ANSF Facilities Increases Risks for $11.4 Billion Program</td>
<td>1/2011</td>
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New Audits
During this reporting period, SIGAR initiated five new audits, as listed in Table C.2.

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<tr>
<td>SIGAR-041A</td>
<td>USAID Local Governance and Community Development Projects</td>
<td>1/13/2011</td>
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<td>SIGAR-040A</td>
<td>Construction at the Afghan Defense University</td>
<td>1/3/2011</td>
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<tr>
<td>SIGAR-039A</td>
<td>Infrastructure Projects at the Kabul Military Training Center</td>
<td>11/30/2010</td>
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<td>SIGAR-038A</td>
<td>Review of Four USAID and State Department Programs in a Select Afghan Province</td>
<td>11/19/2010</td>
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<td>SIGAR-037A</td>
<td>Use and Accountability of U.S. Funds Contributed to the Afghanistan Reconstruction Trust Fund (ARTF)</td>
<td>11/13/2010</td>
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Ongoing Audits
SIGAR has 11 audits in progress, as listed in Table C.3.

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<td>SIGAR-031A</td>
<td>Accountability of ANSF Vehicles</td>
<td>11/10/2010</td>
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<td>SIGAR-036A</td>
<td>U.S. and International Donor Assistance for Development of the Afghan Banking</td>
<td>10/18/2010</td>
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<td>Sector and Afghan Currency Control Systems</td>
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<td>SIGAR-035A</td>
<td>U.S. Assistance To Develop Afghanistan’s Agricultural Sector</td>
<td>10/15/2010</td>
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<td>SIGAR-034A</td>
<td>Implementation and Sustainability of the U.S. Civilian Uplift in Afghanistan</td>
<td>10/14/2010</td>
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<td>(conducted jointly with the DoS Office of Inspector General)</td>
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<td>SIGAR-032A</td>
<td>U.S. Efforts To Strengthen the Capabilities of the Afghan Major Crimes Task</td>
<td>8/24/2010</td>
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<td>SIGAR-029A</td>
<td>Review of USAID’s Cooperative Agreement with CARE International for the</td>
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<td>Community Development Program for Kabul</td>
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<td>SIGAR-017A</td>
<td>Reconstruction Security Support Services from Global Strategies Group Inc.</td>
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<td>Projects in Mazar-e Sharif and Herat</td>
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<td>SIGAR-023A</td>
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Forensic Audits
SIGAR has three forensic audits in progress, as listed in Table C.4.

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<th>Date Initiated</th>
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<tr>
<td>SIGAR-027A</td>
<td>Forensic Review of DoS Transaction Data Related to Afghanistan Reconstruction</td>
<td>6/24/2010</td>
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<td>SIGAR-026A</td>
<td>Forensic Review of USAID Transaction Data Related to Afghanistan Reconstruction</td>
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<td>SIGAR-022A</td>
<td>Forensic Review of DoD Data Related to Afghanistan Reconstruction</td>
<td>2/25/2010</td>
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APPENDICE D
SIGAR INVESTIGATIONS AND HOTLINE

SIGAR Investigations
This reporting period, SIGAR opened 35 new investigations, bringing the total of open investigations to 105. Of the new investigations, most involve corruption and procurement/contract fraud, as shown in Figure D.1. SIGAR closed 7 investigations this quarter, as shown in Figure D.2.

SIGAR Hotline
Of the 131 Hotline complaints received last quarter, most were submitted by e-mail or telephone, as shown in Figure D.3. Of these complaints, most were closed, referred to other agencies, or assigned, as shown in Figure D.4.

a. Case has been reviewed, and SIGAR is obtaining additional information.

Source: SIGAR Investigations Directorate, 1/12/2011.
## APPENDIX E
### ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>ACRONYM OR ABBREVIATION</th>
<th>DEFINITION</th>
</tr>
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<tbody>
<tr>
<td>ABP</td>
<td>Afghan Border Police</td>
</tr>
<tr>
<td>ACU</td>
<td>Anti-Corruption Unit</td>
</tr>
<tr>
<td>AED</td>
<td>Afghanistan Engineering District</td>
</tr>
<tr>
<td>AFCCE</td>
<td>Air Force Center for Engineering and the Environment (U.S.)</td>
</tr>
<tr>
<td>AGOAS</td>
<td>Attorney General's Office Assistance Section</td>
</tr>
<tr>
<td>AIB</td>
<td>Afghanistan International Bank</td>
</tr>
<tr>
<td>AIF</td>
<td>Afghanistan Infrastructure Fund</td>
</tr>
<tr>
<td>AIHRC</td>
<td>Afghanistan Independent Human Rights Commission</td>
</tr>
<tr>
<td>AIP</td>
<td>Afghanistan Infrastructure Program</td>
</tr>
<tr>
<td>AJSRP</td>
<td>Afghanistan Justice Sector Reform Project (World Bank)</td>
</tr>
<tr>
<td>ALP</td>
<td>Afghan Local Police</td>
</tr>
<tr>
<td>ANA</td>
<td>Afghan National Army</td>
</tr>
<tr>
<td>ANCOD</td>
<td>Afghan National Civil Order Police</td>
</tr>
<tr>
<td>ANP</td>
<td>Afghan National Police</td>
</tr>
<tr>
<td>ANSF</td>
<td>Afghan National Security Forces</td>
</tr>
<tr>
<td>APRP</td>
<td>Afghan Peace and Reintegration Plan</td>
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<tr>
<td>AQM</td>
<td>Office of Acquisitions and Management (U.S.)</td>
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<tr>
<td>ARP</td>
<td>Afghanistan Reintegration Program (U.S.)</td>
</tr>
<tr>
<td>ARTF</td>
<td>Afghanistan Reconstruction Trust Fund</td>
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<tr>
<td>ASFF</td>
<td>Afghanistan Security Forces Fund</td>
</tr>
<tr>
<td>ASIU</td>
<td>Afghan Shafafiyat Investigative Unit</td>
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<tr>
<td>AT/AP</td>
<td>anti-tank/anti-personnel ordnance</td>
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<tr>
<td>AUP</td>
<td>Afghan Uniformed Police</td>
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<tr>
<td>AVIPA</td>
<td>Afghanistan Vouchers for Increased Productive Agriculture</td>
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<tr>
<td>AWAIT</td>
<td>Afghanistan Water, Agriculture, and Technology Transfer</td>
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<tr>
<td>AWOL</td>
<td>absent without leave</td>
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<td>C-JTSCC</td>
<td>CENTCOM Joint Theater Support Contract Command</td>
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<td>Control and Audit Office (Afghan)</td>
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<td>CDP-K</td>
<td>Community Development Program for Kabul</td>
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<td>CENTCOM</td>
<td>Central Command (U.S.)</td>
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<td>CERP</td>
<td>Commander's Emergency Response Program</td>
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<td>CJITF-435</td>
<td>Combined Joint Interagency Task Force-435</td>
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<td>CJTF</td>
<td>Criminal Justice Task Force</td>
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<td>Counter-Narcotics Police - Afghanistan</td>
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<td>Correctional System Support Program</td>
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<tr>
<td>CSTC-A</td>
<td>Combined Security Transition Command - Afghanistan</td>
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<tr>
<td>CUAT</td>
<td>Commander's Unit Assessment Tool</td>
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<td>Conventional Weapons Destruction</td>
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<td>DAB</td>
<td>Da Afghanistan Bank</td>
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<tr>
<td>ACRONYM OR ABBREVIATION</td>
<td>DEFINITION</td>
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<td>-------------------------</td>
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<td>DABS</td>
<td>Afghan national utility company</td>
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<td>DFAS</td>
<td>Defense Finance and Accounting Service (U.S.)</td>
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<td>DIAG</td>
<td>Disbandment of Illegal Armed Groups</td>
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<tr>
<td>DoD</td>
<td>Department of Defense (U.S.)</td>
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<td>DoD CN</td>
<td>Department of Defense Drug Interdiction and Counter-Drug Activities fund (U.S)</td>
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<td>DoJ</td>
<td>Department of Justice (U.S.)</td>
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<td>DoS</td>
<td>Department of State (U.S.)</td>
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<td>ECC</td>
<td>Electoral Complaints Commission</td>
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<td>ESF</td>
<td>Economic Support Fund</td>
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<td>Free and Fair Election Foundation of Afghanistan</td>
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<td>Foreign Military Sales</td>
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<td>FY</td>
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<td>FY 2010 Supplemental</td>
<td>FY 2010 Supplemental Appropriations Act</td>
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<td>GIRoA</td>
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<td>HCMS</td>
<td>SIGAR Hotline and Complaints Management System</td>
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<tr>
<td>HMMWV</td>
<td>high-mobility, multi-purpose wheeled vehicle</td>
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<td>HOOAC</td>
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<td>ICAO</td>
<td>International Civil Aviation Organization</td>
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<tr>
<td>IDIQ</td>
<td>indefinite-delivery/indefinite-quantity</td>
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<td>IDP</td>
<td>internally displaced person</td>
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<td>IEC</td>
<td>Independent Election Commission (Afghan)</td>
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<td>ICJ</td>
<td>International Security Assistance Force Joint Command</td>
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<td>International Monetary Fund</td>
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<td>INCLE</td>
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<td>INL</td>
<td>Bureau of International Narcotics and Law Enforcement Affairs (U.S.)</td>
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<td>International Security Assistance Force</td>
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<td>Joint Coordination and Monitoring Board</td>
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<td>Justice Sector Support Program</td>
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<td>kg</td>
<td>kilogram</td>
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<td>km</td>
<td>kilometer</td>
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<td>Local Governance and Community Development</td>
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<td>LOTFA</td>
<td>Law and Order Trust Fund for Afghanistan</td>
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<td>m²</td>
<td>square meters</td>
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<td>Ministry of Interior (Afghan)</td>
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<td>Ministry of Public Health (Afghan)</td>
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<td>MT</td>
<td>metric ton</td>
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<td>NADR</td>
<td>Non-Proliferation, Anti-Terrorism, Demining, and Related Programs</td>
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<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<tr>
<td>ACRONYM OR ABBREVIATION</td>
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<td>NDAA</td>
<td>National Defense Appropriations Act</td>
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<td>National Directorate of Security</td>
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<td>NGO</td>
<td>non-governmental organization</td>
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<td>NSP</td>
<td>National Solidarity Program</td>
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<td>NTM-A</td>
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<td>O&amp;M</td>
<td>operations and maintenance</td>
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<td>Overseas Contingency Operations</td>
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<td>OEF</td>
<td>Operation Enduring Freedom</td>
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<td>Office of the Secretary of Defense (U.S.)</td>
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<td>PDY</td>
<td>present for duty</td>
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<td>PECC</td>
<td>Provincial Electoral Complaints Commission (Afghan)</td>
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<td>Provincial Peace and Reintegration Committee</td>
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<td>PRM</td>
<td>Bureau of Population, Refugees, and Migration</td>
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<td>Provincial Reintegration Team</td>
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<td>private security contractor</td>
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<td>Program Takhim-E-Sohl (Afghan)</td>
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<td>small-arms ammunition</td>
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<td>U.S. Army Space and Missile Defense Command</td>
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<td>SY</td>
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<td>TAPI pipeline</td>
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<td>Task Force on Business and Stability Operations in Afghanistan</td>
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<td>Treasury</td>
<td>Department of the Treasury (U.S.)</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNICEF</td>
<td>UN Children’s Fund</td>
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<td>UNODC</td>
<td>UN Office on Drugs and Crime</td>
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<td>USAAA</td>
<td>U.S. Army Audit Agency</td>
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<td>USACE</td>
<td>U.S. Army Corps of Engineers</td>
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<td>USAID</td>
<td>U.S. Agency for International Development</td>
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<td>USDA</td>
<td>U.S. Department of Agriculture</td>
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<td>USFOR-A</td>
<td>U.S. Forces - Afghanistan</td>
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<td>UXO</td>
<td>unexploded ordinance</td>
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<td>VEGA</td>
<td>Volunteers for Economic Growth Alliance</td>
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<tr>
<td>VSO</td>
<td>Village Stability Operations</td>
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</table>
ENDNOTES

6. Overview of the Afghanistan and Pakistan Annual Review.
10. Overview of the Afghanistan and Pakistan Annual Review.
22. In June 2010, the Joint Contracting Command-Iraq/Afghanistan (JCC-I/A) was re-designated the CENTCOM Contracting Command. In November 2010, the Deputy Secretary of Defense named C-JTSCC as the successor organization to JCC-I/A and expanded the organization’s contracting mission to include Kuwait and Pakistan.
23. AED was divided into two sections on August 3, 2009. AED-South, based in Kandahar, is in charge of construction in Regional Command-South and Regional Command-West. AED-North, based in Kabul, manages construction in Regional Command-North and Regional Command-East.
32. DoD, response to SIGAR data call, 1/11/2011.
34. DoD, responses to SIGAR vetting, 1/21/2011 and 4/21/2010.
35. See Appendix B of this report.
36. DoD, response to SIGAR data call, 1/18/2011.
37. DoD, response to SIGAR data call, 1/18/2011.
39. See Appendix B of this report.
41. USAID, response to SIGAR data call, 1/20/2011.
42. USAID, response to SIGAR data call, 1/20/2011.
44. DoS, response to SIGAR data call, 1/10/2011.
45. USAID, response to SIGAR data call, 1/10/2011.
47. DoS, response to SIGAR data call, 1/10/2011.
62. See Appendix B of this report.
72. ISAF-IJC, PERSTAT, 12/30/2010.
73. ISAF-IJC, PERSTAT, 12/30/2010; ISAF-IJC, PERSTAT, 9/30/2010.
74. ISAF-IJC, PERSTAT, 12/30/2010.
75. IJC, response to SIGAR data call, 1/4/2011.
76. IJC, response to SIGAR data call, 1/4/2011.
77. IJC, response to SIGAR data call, 1/4/2011.
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94. IJC, response to SIGAR data call, 1/4/2011.
95. IJC, response to SIGAR data call, 1/4/2011.
100. CSTC-A, response to SIGAR data call, 10/4/2011.
113. OMB, response to SIGAR data call, 1/20/2011.
115. OMB, response to SIGAR data call, 1/11/2011.
117. OMB, response to SIGAR data call, 1/11/2011.
118. OMB, response to SIGAR data call, 1/11/2011.
122. OMB, response to SIGAR data call, 1/20/2011.
127. See Appendix B of this report.
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146. USAID, response to data call, 1/3/2011.
156. DoD OSD, response to SIGAR vetting, 1/14/2011.
162. DoD OSD, response to SIGAR vetting, 1/13/2011.
175. DoD OSD, response to SIGAR data call, 1/6/2011.
206. DoD OSD, response to SIGAR data call, 1/7/2011.
207. USAID, response to SIGAR data call, 1/3/2011.
214. INL, response to SIGAR data call, 1/6/2011.
218. INL, response to data call, 1/6/2011.
220. DoD/OSD, response to data call, 1/6/2011; DoD/OSD, response to SIGAR vetting, 1/18/2011.
222. DoD OSD, response to SIGAR data call, 1/6/2011.
223. INL, response to SIGAR data call, 1/3/2011.
235. See Appendix B of this report.
246. USAID, response to SIGAR data call, 1/5/2011.
248. USAID, response to SIGAR data call, 1/5/2011.
250. USAID, response to SIGAR data call, 1/5/2011.
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274. CENTCOM, response to SIGAR data call, 1/4/2011.
275. CENTCOM, response to SIGAR data call, 1/7/2011.
281. USAID, response to SIGAR data call, 1/5/2011.
291. USAID, response to SIGAR data call, 1/5/2011.
294. USAID, response to SIGAR data call, 1/5/2011.

312. See Appendix B of this report.
313. DoD, response to SIGAR vetting, 1/13/2011.
315. DoD, response to SIGAR vetting, 1/13/2011.
320. INL, response to SIGAR data call, 1/6/2011.
323. INL, response to SIGAR data call, 1/6/2011.
331. INL, response to SIGAR data call, 1/6/2011.
348. INL, response to SIGAR data call, 1/6/2011.
350. See Appendix B of this report.
361. INL, response to SIGAR data call, 1/6/2011.
364. INL, response to SIGAR data call, 1/6/2011.
366. INL, response to SIGAR data call, 1/6/2011.
367. INL, response to SIGAR data call, 1/6/2011.
369. INL, response to SIGAR data call, 1/6/2011.
371. INL, response to SIGAR data call, 1/6/2011.
372. INL, response to SIGAR data call, 1/6/2011.
373. INL, response to SIGAR data call, 1/6/2011.
Cover Captions (clockwise from left):

Commando Radio: Kabul's first woman disc jockey speaks to listeners during a radio broadcast at Camp Morehead, Afghanistan. Funded by the United States, the station provides information on Commando operations. It is operated by Afghans who have graduated from a U.S. training program. (U.S. Army photo, SFC Marcus Quarterman)

Afghan quality assurance representatives visit a waste treatment plant under construction in Kabul province, as part of a U.S. Army Corps of Engineers training session. As of July 2010, the United States had provided $250 million to rebuild Afghanistan's water sector. (USAF photo, SSgt Stacey Haga)

School is in session at the Nad e Ali Central School in Helmand province. In 2010, U.S. programs provided 21.5 million textbooks to students throughout Afghanistan. By the end of 2011, the United States plans to provide $25 million for primary school textbooks alone. (RAF photo, SAC Neil Chapman)

A weaver in Jalalabad continues the ancient tradition as he works on a charpoy, a versatile daybed common throughout Afghanistan, Pakistan, and India. One key focus of the U.S. reconstruction program is to encourage the growth of local industry. (photo by Aimal Azem)

Young musicians perform at the first winter music academy of the Afghan National Music Institute. The institute was founded to revive the musical tradition in Afghanistan; under the Taliban, music was banned. The institute is supported by contributions from the United States and the donor community. (U.S. Embassy Kabul photo)