Cover Captions (clockwise from the left):

An Afghan police officer reads aloud from a Pashtu-English dictionary as part of a literacy program funded by U.S. reconstruction funds. The goal of the Afghan National Police is for all personnel to be literate by 2016. (ISAF photo)

A medical team fixes a broken leg at the ANA Regional Military Hospital at Camp Shaheen in Balkh province. Members of Regional Support Command-North and a Swedish anesthesiologist provided operating room support alongside Afghan medical personnel. (U.S. Navy photo, Chief MC Michael Ard)

The governor of Kandahar stands in a marijuana field on September 5 just before it was destroyed. This quarter, interdiction operations continued throughout the country, including the largest-ever seizure of opium and other narcotics by Afghan and coalition forces on September 26 in Helmand province. (ISAF photo)

Children cross a river on a newly constructed bridge in Paktiya province on August 28. Built by the Afghan government and the Paktiya PRT, the 50-meter suspension bridge gives neighboring villagers safe access to the district center, clinic, religious school, and bazaar in Waze Zadran. (U.S. Air Force photo, 1st Lt. Cammie Quinn)

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 to 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
- 49 reports published, 11 audits ongoing
- 149 recommendations made
- Up to $67.9 million identified during FY 2011 in funds that should be returned to the U.S. government
- 3 forensic audits under way of $39 billion in reconstruction funds managed by DoD, DoS, and USAID

INVESTIGATIONS
- $51 million recovered in FY 2011
- 111 ongoing investigations, 68 involving procurement and contract fraud
- 7 convictions, 9 indictments, 14 arrests
- 54 referrals for suspension or debarment that have resulted in 3 finalized debarments, 6 suspensions, and 45 proposals for debarments by the Army and USAID
- 675 Hotline complaints received; 293 referred to SIGAR and other agency investigators
October 30, 2011

I am pleased to submit SIGAR's quarterly report to the Congress on the U.S. reconstruction effort in Afghanistan. This report details SIGAR's oversight activities and provides an update on the status of reconstruction programs since our July 30, 2011 report.

SIGAR investigators and auditors had a productive quarter. A SIGAR-initiated investigation resulted in the successful prosecution of the largest bribery case from Afghanistan since the reconstruction effort began in 2002. SIGAR-supported investigations also led to two guilty pleas and five indictments and arrests of individuals charged with bribery related to reconstruction contracts. In addition, SIGAR made 18 referrals to suspend and debar individuals and companies working on U.S.-funded reconstruction projects. These referrals resulted in 6 suspensions and 12 proposals for debarment. SIGAR's suspension and debarment program seeks to combat procurement fraud and corruption in Afghanistan's unique contracting environment.

Since our last report to the Congress, SIGAR completed five audits, including assessments of the U.S. civilian uplift, efforts to build Afghan capacity in the agricultural sector, and two large infrastructure projects for the Afghan National Army. SIGAR made 13 recommendations to address problems we identified related to cost, capacity building, program coordination, contract management, schedule delays, and sustainability.

This quarter, Benjamin Piccolo joined SIGAR as the Assistant Inspector General of the Audit Directorate. Formerly the Principal Deputy at the Army Audit Agency, Mr. Piccolo brings extensive audit and strategic planning experience to SIGAR. He has already made a significant impact, identifying audits for FY 2012 that will address major areas of concern, including private security contractors, capacity building, program evaluation, and contracting.

This quarter ends a fiscal year of substantial change and growth for our agency. During the year, we published 17 audits containing 66 recommendations to improve the effectiveness and efficiency of U.S.-funded reconstruction programs. Our auditors identified up to $67.9 million in funds that should be returned to the U.S. government, and SIGAR supported investigations that recovered approximately $51 million. Next quarter, SIGAR will begin a number of new initiatives, including conducting inspections of completed infrastructure projects to assess their sustainability. We will also expand our investigative presence in Afghanistan, stationing Special Agents at regional contracting centers across the country.

None of this work would be possible without our dedicated staff, who often work under dangerous conditions. This quarter, two of our audit teams received prestigious awards from the Council of Inspectors General on Integrity and Efficiency for their excellent work in Afghanistan under difficult conditions this past year. Since January 2011, we have brought 57 new employees on board, adding skills and expertise that will enable SIGAR to build on its FY 2011 accomplishments. Together we have become a stronger agency, focused on detecting and deterring waste, fraud, and abuse and ensuring the efficiency and effectiveness of the U.S. reconstruction effort.

I look forward to working with the Congress as we enter this pivotal transition phase of the reconstruction effort in Afghanistan.

Very respectfully,

Steven J Trent
Acting Special Inspector General for Afghanistan Reconstruction
Other SIGAR accomplishments during this reporting period included the following:
• completed 5 audits; initiated 2 audits, bringing the number of ongoing audits to 11
• supported investigations that resulted in two guilty pleas, and five indictments and arrests on bribery charges
• referred 18 firms and individuals for suspension and debarment
• opened 31 investigations, bringing the number of ongoing investigations to 111

COMPLETED AUDITS
The five audits SIGAR completed this quarter assessed the civilian uplift in support of the U.S. reconstruction effort, capacity-building programs in a key Afghan ministry, two infrastructure projects for the Afghan National Army, and a U.S. agency’s contract for private security services. At the request of that agency, which considered certain information in the audit report particularly sensitive, SIGAR did not publicly release it.

Civilian Uplift
A joint audit conducted by SIGAR and the Department of State Office of Inspector General found that the U.S. civilian uplift—a key element of the U.S. reconstruction strategy in Afghanistan—has cost nearly $2 billion to deploy about 720 additional civilian personnel since 2009. The uplift faces serious challenges because of budget uncertainty and a lack of clarity about the ultimate size of the U.S. civilian presence in Afghanistan going forward.

MAIL Capacity
SIGAR’s audit of U.S. programs to improve the institutional capacity of Afghanistan’s Ministry of Agriculture, Irrigation, and Livestock (MAIL) found that because the U.S. government does not currently have the ability to assess and report on progress made toward building the MAIL’s capacity, it cannot evaluate whether the U.S. strategy for the ministry is working and U.S. resources are properly aligned at the ministry. The report highlighted other problems, including insufficient integration and coordination among programs at the national and provincial levels. Developing the institutional capacity of the MAIL is essential to better serve Afghan farmers and promote private-sector development in the agriculture sector.

ANSF Infrastructure
Two of this quarter’s audits focused on the task orders to build the Kabul Military Training Center (KMTC) and the Afghan National Security University (ANSU). The audits found that both of these projects, which are critical to the development of the Afghan National Army, cost more and took longer to complete than planned. The first two phases of the KMTC cost about $12.5 million more and took nearly two years longer than originally planned. The ANSU cost about $21.3 million more and is taking about 15 months longer than originally planned. These audits underscored the challenge of sustaining completed infrastructure projects.

In the four audits published this quarter, SIGAR made 13 recommendations to address issues related to cost, capacity building, program coordination, contract management, schedule delays, and sustainability.
INVESTIGATIONS

During this reporting period, SIGAR investigators provided critical support in investigations that resulted in one sentencing, two guilty pleas, and five indictments and arrests.

U.S. Military Reserve Officer Sentenced and Ordered To Pay $315,000 in Restitution

On September 23, 2011, a U.S. District Court judge sentenced Sidharth Handa to two concurrent sentences for soliciting more than $1.3 million in bribes and conspiracy to distribute heroin. The judge also ordered Handa to pay a fine of $315,000, the amount that he and his interpreter had received. SIGAR initiated the investigation of Handa, a former U.S. military reserve officer who served as a liaison between the engineers on the Provincial Reconstruction Team in Kunar and the local governor. Handa assisted in the award of U.S.-funded reconstruction projects to local contractors and admitted to soliciting bribes that usually amounted to 10% of the value of a contract. After he left Afghanistan, Handa attempted to collect more than $1 million that contractors had pledged to pay him.

U.S. Army Sergeants Plead Guilty to Bribery and Criminal Conspiracy

In August 2011, two U.S. Army sergeants pled guilty to federal bribery and criminal charges for accepting more than $200,000 in bribes from an Afghan trucking company. The company had received more than $20 million for transportation services, which included delivering reconstruction materials.

Former Army Contracting Officials and a Defense Contractor Charged with Nine Counts of Bribery, Fraud, Conspiracy, and Theft of Government Funds

On September 22, SIGAR special agents and other U.S. law enforcement officials arrested a former member of the U.S. Army employed by a private security company working in Afghanistan. The individual was charged with bribery, fraud, and theft of government funds in connection with the award of a contract to provide services to the Provincial Reconstruction Team in Farah. Two co-conspirators were indicted on charges of mail fraud, wire fraud, conspiracy, bribery, and theft of government property.

U.S. Army Warrant Officer Indicted for Bribery

On August 4, 2011, a U.S. Army Special Forces warrant officer was indicted for soliciting $60,000 in bribes for his assistance in finalizing a $500,000 Department of Defense (DoD) reconstruction contract. SIGAR conducted the investigation in cooperation with other law enforcement agencies that belong to the International Contract Corruption Task Force (ICCTF).

DoD Employee Charged with Bribery

On August 24, 2011, the FBI arrested a DoD employee accused of soliciting nearly $100,000 in kickbacks from a DoD contractor involved in reconstruction projects. SIGAR supported the ICCTF investigation that led to the arrest.

Suspensions and Debarments

This quarter, SIGAR made 18 referrals for the suspension and debarment of individuals and companies working on U.S.-funded reconstruction projects. These referrals resulted in 6 suspensions and 12 proposals for debarment. SIGAR is aggressively implementing its suspension and debarment program to improve contractor accountability and to ensure that only reliable, responsible companies are eligible to receive U.S. government contracts.
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Building the ANP

An Afghan police officer salutes Lt. Gen. William Caldwell, commander of NATO Training Mission Afghanistan, during an inspection of the ANP regional training center in Laghman on August 15, 2011. This quarter, CENTCOM reported that 8,911 ANP personnel graduated from 27 training programs. (ISAF photo)
1 SIGAR OVERSIGHT
“...we will not be deterred from creating a path whereby Afghans can live in freedom and safety and security and prosperity.”

—U.S. President Barack Obama

SIGAR OVERSIGHT

The U.S. Congress established SIGAR to provide independent and objective oversight of U.S. funds appropriated or otherwise made available for the reconstruction of Afghanistan. In accordance with its legislative mandate, SIGAR conducts audits and investigations to (1) promote economy, efficiency, and effectiveness in the administration of programs and operations using reconstruction funds, and (2) prevent and detect waste, fraud, and abuse in these programs and operations. The enabling legislation also requires SIGAR to keep the Secretary of State and the Secretary of Defense fully informed about problems relating to the administration of reconstruction programs and to submit a report to the Congress on SIGAR’s oversight work and on the status of the U.S. reconstruction effort no later than 30 days after the end of each fiscal quarter.

This section summarizes SIGAR’s activities this quarter. Sections 2 and 3 provide an update on the U.S. effort to rebuild Afghanistan. SIGAR highlights this quarter include the following:

- prosecution of the largest bribery case to date from Afghanistan, concluding with the sentencing of a former U.S. Army Reserve officer for soliciting more than $1.3 million in bribes
- two guilty pleas, and five indictments and arrests on bribery charges as a result of investigations
- completion of five audits, including one with restricted distribution
- referrals of 18 firms and individuals for suspension and debarment
- announcements of two new audits
- opening of 31 new investigations

Also this quarter, SIGAR received two awards from the Council of the Inspectors General on Integrity and Efficiency (CIGIE) for excellence in conducting audit work. CIGIE gave the 2011 Sentner Award for Dedication and Courage to one SIGAR team for its “exemplary performance while working in a harsh and unsafe environment” to audit projects funded by the Commander’s Emergency Response Program in Laghman province. The award, which recognizes uncommon dedication and courage in the face of adversity, was named for William “Buddy” Sentner III, a special agent at the Department of Justice Office of the Inspector General who was killed in the line of duty in 2006.

CIGIE also gave SIGAR an award “for excellence in conducting audit work to ensure effective use of resources and minimize potential waste of $11.4 billion of funds for construction of nearly 900 Afghanistan National Security Forces

COMPLETED AUDITS

- Audit 11-17: U.S. Civilian Uplift Costs in Afghanistan
- Audit 12-1: Agriculture Sector Development
- Audit 12-2: Construction at Kabul Military Training Center
- Audit 12-3: Construction at the Afghan National Security University
- Audit 11-16S: Private Security Contract

NEW AUDITS

- USAID’s Costs for Private Security Support Services
- Outcomes of DoS Public Diplomacy Grants

ONGOING AUDITS

- USAID Contracts for LGCD Projects
- Private Security Services Contract
- USAID’s Contracts in Support of Afghanistan Stabilization Initiative
- USAID’s Cooperative Agreement in Support of an Agriculture Program
- USACE O&M Contracts for ANSF Facilities
- USAID Financial Audit Coverage of Incurred Costs
- Reliability of Data on Prime Reconstruction Vendors
- Accountability of ANSF Vehicles
- Implementation of the Afghan First Initiative

FORENSIC AUDITS

- DoD Transaction Data Related to Reconstruction
- USAID Transaction Data Related to Reconstruction
- DoS Transaction Data Related to Reconstruction
This quarter, SIGAR published five audits that reviewed reconstruction contracts and programs in each of the three reconstruction sectors—security, governance, and development. SIGAR also began work on 2 new audits, bringing the number of ongoing audits to 11. In addition, SIGAR auditors continued to analyze forensic data from three major reconstruction funds.

During this reporting period, SIGAR worked on finalizing the FY 2012 audit plan, focusing on U.S. programs to house and sustain the Afghan National Security Forces (ANSF) and to build Afghan institutional capacity to develop and manage programs. The plan includes audits that examine U.S. agencies’ financial management of funds appropriated for reconstruction. In addition, SIGAR began a program of infrastructure inspections to determine whether completed projects are being sustained.

Completed Audit Reports

The five audit reports that SIGAR published this quarter examined the U.S. civilian uplift, a capacity-building program, two infrastructure projects for the Afghan National Army, and a U.S. agency’s contract for private security services. At the request of that agency, which considered certain information in the audit report particularly sensitive, SIGAR did not publicly release it. These audits identified a number of reconstruction challenges and made 13 recommendations to address issues related to cost, capacity building, program coordination, contract management, project delays, and sustainability.

SIGAR and the Department of State Office of Inspector General (DoS OIG) jointly conducted the audit of the U.S. civilian uplift. The audit found that the uplift has cost U.S. taxpayers nearly $2 billion since 2009. The audit also found that the uplift faces significant challenges going forward as a result of budget uncertainty and an absence of details about how large a civilian presence the United States intends to maintain in Afghanistan.

SIGAR’s audit of U.S. efforts to build the capacity of the Ministry of Agriculture, Irrigation, and Livestock highlighted the difficulties that U.S. implementing agencies continue to face in integrating and coordinating efforts to build Afghan capacity to manage programs.

Since FY 2005, Congress has appropriated more than $39 billion to train, equip, house, and sustain Afghan forces that will be capable of assuming responsibility for providing Afghanistan’s security by 2014. Two of this quarter’s audits examined key infrastructure projects to support the Afghan National Army (ANA). SIGAR’s audits of task orders to support construction of the Kabul Military Training Center (valued at $140 million) and for the Afghan National Security University ($170 million) found that both projects cost more and took longer to complete than planned.
Audit 11-17: Civilian Uplift
The U.S. Civilian Uplift in Afghanistan Has Cost Nearly $2 Billion, and State Should Continue To Strengthen Its Management and Oversight of the Funds Transferred to Other Agencies

The U.S. reconstruction strategy in Afghanistan depends on an expanded civilian-led effort to build governing capacity at all levels, improve the rule of law, and support sustainable economic growth. Since early 2009, when President Obama announced a new strategy for Afghanistan, U.S. agencies have nearly tripled the number of civilians deployed in-country. Although the Congress provides direct funding for uplift positions only to DoS and the U.S. Agency for International Development (USAID), it has authorized DoS to transfer funds to other civilian agencies to support operations and assistance for reconstruction. Under this authority, DoS transfers funds to seven civilian departments and agencies, including the departments of Agriculture, Justice, and Homeland Security.

OBJECTIVES
SIGAR and DoS OIG jointly conducted this audit because the civilian uplift is a critical component of the U.S. reconstruction strategy, and no agency had yet comprehensively assessed the costs of establishing and sustaining an expanded civilian presence in Afghanistan. This audit had three objectives:

- Determine the number of personnel and associated costs of the civilian uplift.
- Evaluate DoS mechanisms to transfer funds to other agencies to support civilian uplift personnel.
- Assess the costs of sustaining and supporting the civilian presence and DoS's plans to address these costs.

FINDINGS
1. From January 2009 through June 2011, U.S. agencies more than tripled the number of civilians deployed to Afghanistan, from 320 to 1,040—at a cost of nearly $2 billion. DoS and USAID accounted for about 74% of the civilian uplift. Seven other agencies, including the Department of Justice and the U.S. Department of Agriculture, accounted for the remaining 26%. It costs taxpayers $410,000–$570,000 to deploy one civilian employee to Afghanistan for one year. The U.S. government has obligated nearly $1.7 billion from FY 2009 through FY 2011 to fund the civilian uplift, as well as to provide facilities and services that support the civilian presence in Afghanistan. The $1.7 billion does not include additional costs for security in Afghanistan, which the DoS Bureau of Diplomatic Security estimated at $491 million from FY 2009 through FY 2011.

2. Although DoS funds uplift positions for seven other agencies, it has not developed formal agreements to transfer funds and has not established mechanisms to monitor the use of these funds. Consequently, SIGAR and DoS OIG identified an increased risk that funds would not be spent for their intended purpose. In one instance, the Department of Transportation
cancelled plans to use DoS funding because it could not determine whether the DoS transfers were authorized for training or for other purposes.

3. The cost of supporting and sustaining the civilian presence in Afghanistan will likely increase, and DoS faces significant challenges in planning for these cost increases. First, the U.S. military drawdown will likely force DoS to assume additional responsibility for providing security for civilians. Second, a legislative proposal to standardize pay and benefits for all civilians deployed to Afghanistan could result in increased costs for civilian agencies. Third, opening two consulates in Afghanistan could increase costs because of security and housing requirements. Budget uncertainty and the absence of policy decisions about the ultimate size and length of the civilian uplift further complicate DoS efforts to determine future costs.

RECOMMENDATIONS

To improve the management and planning of the U.S. civilian uplift in Afghanistan, SIGAR and DoS OIG recommended that the DoS Assistant Secretary of State for South and Central Asian Affairs take the following actions:

1. Implement formal agreements, such as memoranda of understanding, with all agencies that receive DoS transfers to fund their uplift personnel to ensure that funds are used for their intended purposes. These agreements should clearly detail the approved use of funds and provide for the monitoring and oversight of the expenditure of funds.

2. Ensure that the Department of Transportation returns $3.5 million in unused funds to DoS or the U.S. Treasury.

AGENCY COMMENTS

DoS and the Department of Homeland Security (DHS) provided comments on this report. Five other civilian agencies provided technical comments, which SIGAR incorporated as appropriate. The Office of the Special Representative for Afghanistan and Pakistan (SRAP) at DoS concurred with all of the recommendations and identified steps it was taking to implement them.

Although the DoS Bureau of Resource Management did not object to SIGAR’s recommendation to establish formal agreements with agencies receiving transferred funds, it noted that the legislation originally appropriating the funds for the civilian uplift was expressly intended to avoid binding and formal agreements with recipient agencies. The Bureau also stated that DoS did not request or seek an oversight role in how other civilian agencies budgeted for their staffing efforts. SIGAR and DoS OIG disagreed with this characterization of the legislation and stated that it is a government-wide best practice to institute written agreements when transferring funds.

DHS did not comment on the recommendations but noted that it remains committed to continuing its work in Afghanistan to minimize terrorist threats, build governing capacity, improve the rule of law, and initiate sustainable economic growth.
Audit 12-1: Governance and Economic Development
Actions Needed To Better Assess and Coordinate Capacity-Building Efforts at the Ministry of Agriculture, Irrigation, and Livestock

The United States has made rebuilding Afghanistan’s agriculture sector one of its highest development priorities because this sector accounts for more than a third of the country’s gross domestic product (excluding the illicit opium economy), and 65–80% of Afghans depend on agriculture for their livelihood. From FY 2002 through FY 2010, the United States invested more than $1 billion in agriculture programs and plans to continue to fund projects in this sector. In October 2009, the U.S. Embassy in Kabul issued the “U.S. Government Agriculture Assistance Strategy for Afghanistan” to bring greater coherence to U.S. efforts to rebuild Afghanistan’s agriculture sector.

A primary goal of the U.S. strategy is to increase the ability of the Ministry of Agriculture, Irrigation, and Livestock (MAIL) to deliver services to rural farmers and herders, promote the private sector, and encourage the formation of farmer associations. To ensure the long-term sustainability of U.S.-funded agriculture projects, U.S. agencies have provided $77 million for FY 2010 and FY 2011 to help build the capacity of the MAIL to better serve farmers and promote private sector development. The MAIL has a presence in all of Afghanistan’s 34 provinces through its provincial directorates of Agriculture, Irrigation, and Livestock (DAILs). As part of the U.S. capacity-building effort, three agencies—the U.S. Department of Agriculture (USDA), USAID, and the Department of Defense (DoD)—have deployed agriculture advisors and Agribusiness Development Teams (ADTs) throughout Afghanistan.

OBJECTIVES
Building the MAIL’s capacity has become a high priority for several reasons. First, some of the considerable U.S. investment in Afghanistan’s agriculture sector is at risk of being wasted if development projects cannot be sustained. Second, the United States is focused on building Afghan government institutions capable of performing core functions before the 2014 transition to Afghan responsibility for security. Third, the United States and other donors have committed to channeling at least 50% of development assistance through Afghan institutions, and the MAIL is expected to be one of the primary institutions benefiting from this commitment. This audit had two objectives:
• Determine the extent to which U.S. capacity-building programs and activities in agriculture are coordinated and integrated.
• Assess the progress made in building the MAIL’s capacity in Kabul and the provincial offices.

FINDINGS
1. The U.S. Embassy Kabul has taken steps to better coordinate and integrate U.S. agriculture assistance and capacity-building efforts, but coordination and integration problems among the national, provincial, and district
levels continue to limit the effectiveness of the U.S effort. For example, U.S. personnel in the field were unaware of capacity-building activities at the ministry in Kabul and therefore could not ensure that they were building the same capabilities in provinces and districts as those in Kabul. Several factors contribute to these coordination challenges, such as insufficient guidance to those implementing capacity-building activities, ineffective use of existing coordination mechanisms, and incomplete devolution of administrative and programmatic authority to USAID field program officers.

2. The U.S. Embassy Kabul has not been able to determine how much progress has been made in building the MAIL's capacity because it does not have sufficient or complete data. The Embassy first began reporting on U.S. capacity-building efforts in the September 2010 Agriculture Campaign Assessment. Although this assessment measured the performance of capacity-building efforts in a number of areas—such as training, technology transfer, and infrastructure development—it did not include any of the activities undertaken by the USDA agriculture advisors and the ADTs. Moreover, the performance data that agencies do collect is not consistent. A further complication is that the Agriculture Campaign Assessment lacks performance baselines and targets for all of its performance indicators; it largely measures the products of capacity-building efforts, rather than the results achieved. The U.S. government needs a mechanism that can reliably assess and report on progress made toward building the MAIL's capacity in order to evaluate whether the U.S. strategy is working and U.S. resources are properly aligned.

RECOMMENDATIONS
SIGAR made five recommendations to improve the management and integration of U.S. efforts to build the MAIL's capacity throughout Afghanistan.

To improve the integration and coordination of U.S. capacity-building efforts, SIGAR recommended that the U.S. Ambassador to Afghanistan, in coordination with the MAIL, take the following action:

1. Develop a MAIL capacity-building implementation plan to provide guidance for programs with MAIL and DAIL capacity-building components that defines and articulates an end-state for MAIL capacity building, identifies core competencies and their standards, and establishes priorities and critical milestones. This plan should include regular progress reporting.

To more closely integrate ADT capacity-building activities with those of civilian agencies, SIGAR recommended that the U.S. Ambassador to Afghanistan take the following action:

2. Improve coordination and integration mechanisms with ADTs by disseminating information and guidance to ADTs through a designated military liaison to implement coordinated civilian-military capacity-building activities. The dissemination of this information and guidance should be done formally and systematically.
To more accurately and consistently measure civilian-military progress made in building the MAIL's capacity in Kabul and the provinces, SIGAR recommended that the U.S. Ambassador to Afghanistan, in conjunction with the USAID Mission Director, the USDA, the Office of Inter-agency Provincial Affairs, and the International Security Assistance Force (ISAF) Joint Command, take the following actions:

3. Establish common indicators and standard definitions for assessing capacity-building efforts throughout the MAIL and direct U.S. agencies to collect and report on those indicators to U.S. Embassy Kabul.


5. Include capacity-building activities from USDA agricultural advisors, ADTs, and relevant USAID programs in the Agriculture Campaign Assessment.

AGENCY COMMENTS
The U.S. Embassy Kabul concurred with SIGAR’s recommendations and said it was taking steps to address them. The Embassy said it is defining MAIL capacity-building implementation plans and identifying core competencies of DAIL extension agents and DAIL directors. The Embassy also noted it plans to hold a Field Agriculture Advisors Conference in October where actions in response to several recommendations will be addressed, including assisting in the establishment of common definitions for indicator data and identifying core competencies. The Embassy said that the Embassy Agriculture Team includes a Civilian-Military Coordination Team and that two DoD officers are embedded among its Inter-agency Provincial Affairs staff. It also noted that the Embassy Agriculture Team intended to hold a conference in October focusing on capacity building. In addition, the Embassy said it is revising the Agriculture Performance Management Plan to include ADT and USDA advisor efforts. It is also addressing the data collection issues and the use of common indicators. The October conference would establish common indicators.

Audit 12-2: Contractor Performance and Oversight/Security
Better Planning and Oversight Could Have Reduced Construction Delays and Costs at the Kabul Military Training Center
From FY 2006 through FY 2010, the Combined Security Transition Command - Afghanistan (CSTC-A), which manages funding for the development of the ANSF, provided about $140 million to the Air Force Center for Engineering and the Environment (AFCEE) for construction at the Kabul Military Training Center (KMTC). The KMTC is Afghanistan’s primary training base for new recruits into the ANA. It is a critical component of CSTC-A’s training mission and the overall strategy to transition responsibility for security to the ANSF. AFCEE has awarded three task orders, one for each of the three phases of the project. The task orders for Phases I and II went to AMEC Earth and Environmental, Inc. (AMEC). The task order for Phase III was awarded to ECC International (ECC).
OBJECTIVES
SIGAR conducted this audit because of the significant resources that the United States has invested in building the KMTC and because of the center’s importance to the overall U.S. mission. This audit had three objectives:
• Examine construction at the KMTC, including changes in cost and schedule, the reasons for changes, and whether construction met contract requirements.
• Assess construction oversight and completeness of contract files.
• Evaluate plans for sustaining KMTC facilities once constructed.

FINDINGS
1. Construction at the KMTC has cost more and taken longer than planned. Costs for phases I and II of the project increased by $12.5 million. Phase I, originally scheduled to be finished on March 11, 2008, was not completed until August 31, 2009—an 18-month delay. Phase II, which ran concurrently with Phase I, was delayed by nearly two years. Phase III had a scheduled completion date of May 22, 2011, but is now scheduled to be finished on January 29, 2012, a delay of eight months. A number of factors contributed to the cost increases and delays—including additional work under the contract, poor contractor performance, and inaccurate site information. A SIGAR review of AFCEE data showed that delays were not unique to the KMTC; from 2006 through 2010, 80% of AFCEE construction projects for CSTC-A were not completed on schedule. CSTC-A and AFCEE officials told SIGAR that schedules are purposely aggressive to push contractors to complete construction projects as quickly as possible to meet mission objectives.

2. Inadequate quality assurance during Phase I and Phase II contributed to electrical problems, but oversight has improved in Phase III. Although AFCEE’s quality assurance contractor identified electrical problems as early as June 2008, AFCEE did not address them until after five electrical fires broke out in four separate buildings at the KMTC during November and December of that year. Electrical repairs increased the project’s cost and delayed construction. Moreover, AFCEE paid as much as $4.3 million for electrical repairs that AMEC should have covered from its own funds. Two factors contributed to the electrical problems—an acceleration of the construction schedule without a corresponding increase in oversight, and the use of substandard and counterfeit electrical supplies. SIGAR’s review of KMTC contract files found that although they were largely complete, they did not clearly document the reasons for modifying a contract.

3. The KMTC is not sustainable without continued U.S. assistance. CSTC-A has operations and maintenance contracts to sustain the KMTC and other ANSF facilities through 2015, but the funding for these contracts is being expended faster than anticipated. The U.S. Army Corps of Engineers (USACE), which is managing the operations and maintenance contracts, told SIGAR that it will have to begin an acquisition process in 2012 to award new contracts to sustain ANSF facilities.
RECOMMENDATIONS

To strengthen construction planning for ANSF facilities, ensure appropriate use of government funds, and strengthen contractor oversight, SIGAR recommended that the Commanding General, CSTC-A, in coordination with AFCEE, take the following actions:

1. Direct that site surveys done in conjunction with the KMTC conceptual master plan be more detailed, including topography and location of existing utilities, so that a more complete picture of additional construction projects can be provided to bidders, thus allowing contract proposals to more accurately reflect reality. SIGAR supports CSTC-A’s efforts to develop the organic capability to do this and in the interim recommends that CSTC-A, in concert with AFCEE, use existing planning contracts to provide the integration function.

2. Ensure that conceptual master plans for future construction projects in support of the ANSF contain more detailed information—including topography and the location of existing utilities—to facilitate the preparation of more accurate contract proposals.

To ensure the appropriate use of government funds and to strengthen contractor oversight, SIGAR made two recommendations to the Director of AFCEE to take the following actions:

1. Ensure that, in the future, KMTC contract and task order files contain complete and consistent information regarding reasons for modifications to the contract and task orders.

2. Seek reimbursement from the Phase I and II contractor, AMEC, for the cost of electrical repairs related to poor performance by its Afghan subcontractors.

AGENCY COMMENTS

CSTC-A concurred with SIGAR’s recommendations and said detailed master planning for the KMTC is in progress. AFCEE stated that the KMTC task order file has been updated and that the file will be reviewed after each modification to ensure that it is complete and accurate. AFCEE said it will not seek reimbursement from AMEC because this was not a case where the prime contractor was willfully avoiding its responsibility or acting in bad faith. AFCEE further stated that several other contractors were experiencing the same issue with counterfeit parts and that it would be fruitless for AMEC to go after the subcontractors, because there is no bonding of work in Afghanistan. As a result of AFCEE’s decision, the contractor will not be held financially accountable for poor contract performance, and the U.S. government will pay the bill. SIGAR disagrees with this decision. AFCEE is not required to pay for the same work more than once, even under a cost-plus-fixed-fee contract. It is AMEC’s responsibility to ensure that all work performed under the contract, including the work of its subcontractors, meets the terms of the contract. Therefore, SIGAR is retaining the recommendation.
Audit 12-3: Contractor Performance and Oversight/Security
Afghan National Security University Experienced Cost Growth and Schedule Delays, and Contract Administration Needs Improvement

CSTC-A provided $170 million to AFCEE for the construction of facilities at the Afghan National Security University (ANSU), Afghanistan’s premier officer training facility. In September 2008, AFCEE awarded a task order for the first phase of construction to AMEC. In February 2011, AFCEE awarded a task order for the second phase of construction to Lakeshore Engineering. SIGAR did not look at the second-phase task order because the work had just begun.

OBJECTIVES
SIGAR conducted this audit because of the significant resources that the United States has invested in building the ANSU and because of this university’s importance to the overall U.S. mission. This audit had three objectives:

- Examine construction at the ANSU during Phase I, including cost, schedule, and outcomes.
- Assess contract oversight and administration by AFCEE.
- Review efforts to obtain security services for ANSU construction activity.

FINDINGS
1. The construction of Phase I at the ANSU has experienced cost increases and schedule delays as a result of added work, time spent for de-mining and design changes, and increased construction costs. SIGAR found that AFCEE has paid $21.3 million more for 18 fewer facilities and 8 fewer projects than originally planned. The task order ceiling price has climbed from $70.2 million to $91.5 million, and the schedule has been delayed by 15 months, from the original completion date of June 2010 to October 2011. At the time AFCEE awarded the task order, the site for the ANSU had not been de-mined; AMEC had to wait for USACE to de-mine the area. Additional costs and delays occurred because CSTC-A made changes to facility designs. Although AFCEE de-scoped $12 million in work from the task order, it also added a total of $33.4 million in work, which included $14.8 million for new work and changes to planned facilities, $5.7 million to cover the costs while AMEC awaited completion of site de-mining and CSTC-A consideration of design changes, and $12.9 million to pay for the higher construction costs and increased labor costs associated with the longer construction period.

2. AFCEE provided active contract oversight at the ANSU, but SIGAR identified some weaknesses in contract administration. Although contract files were generally complete, the task order files contained incomplete and sometimes inconsistent information justifying modifications. For the most part, the task order files did not include notices to proceed, which are called for in the Federal Acquisition Regulation. AFCEE also awarded two modifications—including $60,000 for security—that were outside the scope of the ANSU task order without following DoD policy and acquisition requirements. Finally,
AFCEE paid AMEC about $53,500 for the cost of de-mining activities that should have been paid for under a separate contract with USACE.

3. Issues in providing security almost shut down construction at the ANSU.

In December 2010, AMEC’s security provider informed AMEC that it would have to stop providing security because the Afghan government had not renewed visas for the company’s non-Afghan staff. AMEC was eventually able to transition security to another PSC.

RECOMMENDATIONS

To strengthen contract administration at the ANSU and ensure the appropriate use of government funds, SIGAR made two recommendations to the Director of AFCEE to take the following actions:

1. Ensure that, in the future, the ANSU task order file is complete, including that the file contains (1) complete and consistent documentation as to the reasons for the task order modifications and (2) all notices to proceed. AFCEE should consider expanding this practice to all task orders funded by CSTC-A.

2. Ensure that out-of-scope modifications are properly justified, approved, and documented.

AGENCY COMMENTS

AFCEE stated that the ANSU task order file has been updated and that the file will be reviewed after each modification to ensure that it is complete and accurate. AFCEE described the process it uses to justify modifications and noted that the contracting officer makes the determination to ensure that the modification is within the scope of the active task order. AFCEE also stated that all documentation is placed in the file and reviewed during every modification action. However, SIGAR’s review found that, despite the described process, AFCEE did not follow DoD or FAR requirements in awarding almost $60,000 in out-of-scope work. As the contracting entity, AFCEE’s responsibility is to ensure that modifications are properly justified and approved. Therefore, AFCEE still needs to take corrective action to address this recommendation.

New Audits Announced This Quarter

This quarter SIGAR began two new audits—one of the costs of PSCs associated with USAID reconstruction programs in Afghanistan, and one of DoS public diplomacy grants with a total value of at least $78 million.

Costs of Private Security Contractors (PSCs) Utilized by U.S. Agency for International Development (USAID) Contractors for Reconstruction in Afghanistan

The U.S. government has relied on PSCs to provide security for reconstruction programs in Afghanistan, but information about their costs is limited. This audit will identify the PSCs used by USAID’s implementing partners and determine...
their costs and their status in light of the Afghan government’s intention to transfer PSC security functions to an Afghan protection force in March 2012.

**Outcomes of Department of State’s Public Diplomacy Grants in Support of Reconstruction in Afghanistan**

SIGAR has identified 21 DoS public diplomacy grants totaling $78 million in reconstruction funding and may identify additional public diplomacy grants for reconstruction during fieldwork. This audit will review the cost, schedule, and outcomes, as well as the administration and oversight of the grants.

**Ongoing Audits**

SIGAR has nine ongoing audits. Seven involve contracts, grants, and cooperative agreements. In addition to examining specific contracts to improve governance, foster economic development, and provide security services, SIGAR is assessing (1) the reliability of funding and contract data maintained by the U.S. Central Command Joint Theater Support Contracting Command (C-JTSCC) on prime vendors for reconstruction contracts in Afghanistan; and (2) USAID’s financial audit coverage of its contracts, cooperative agreements, and grants for Afghanistan’s reconstruction. SIGAR’s other two ongoing audits are reviewing programs that are critical to the U.S. reconstruction effort to build accountable Afghan security forces, promote economic growth, and support capacity development.

**USAID Contracts for Local Governance and Community Development Projects**

SIGAR is examining the performance, costs, and outcomes of USAID’s contracts in support of its Local Governance and Community Development project.

**Private Security Services Contract**

SIGAR is conducting an audit of a PSC that provides services for one of USAID’s largest contractors. This audit is focused on cost, schedule, and outcomes of the contract, as well as on contract oversight.

**USAID’s Contracts in Support of the Afghanistan Stabilization Initiative**

In July 2009, USAID’s Office of Transition Initiatives awarded two three-year contracts, with a combined value of more than $300 million, to Chemonics International and Development Alternatives, Inc., to support the U.S. government’s Afghanistan Stabilization Initiative in the southern and eastern regions of the country. In close cooperation with ISAF, the initiative seeks to improve the economic and social environment in Afghanistan through small community-enhancement projects.
USAID’s Cooperative Agreement in Support of an Agriculture Program
In September 2008, USAID entered into a cooperative agreement with International Relief and Development to support the Afghanistan Vouchers for Increased Production in Agriculture (AVIPA) Plus program. USAID has extended this program until June 2011, for a total cost of $450 million. Key components include seed and fertilizer distribution, cash-for-work projects to stimulate local economies, small grant programs to provide farming equipment, and training and capacity development programs.

U.S. Army Corps of Engineers Operations and Maintenance Contracts with ITT Corporation for Afghanistan National Security Forces Facilities
In July 2010, USACE awarded two firm-fixed-price contracts, valued at a total of $800 million, to ITT Systems Corporation to provide operations and maintenance for ANSF facilities. These contracts cover Afghan army and police facilities in northern and southern Afghanistan. The contracts consist of one base year plus four option years. According to the program manager, these contracts may cover more than 660 sites. These contracts also require that the contractor train Afghan workers in all aspects of operations and maintenance. Currently, DoD OIG is conducting a separate audit on the training aspect of the contracts.

USAID’s Financial Audit Coverage of Contracts, Cooperative Agreements, and Grants for Afghanistan Reconstruction
USAID’s obligations for reconstruction in Afghanistan totaled approximately $11.7 billion for FY 2002–2010, according to USAID OIG. USAID provided most of these funds to contractors and nonprofit organizations through contracts, cooperative agreements, and grants. Financial audits of costs incurred under these financial mechanisms provide valuable oversight of appropriated funds by determining the appropriateness of direct and indirect costs, as well as identifying weaknesses in internal controls and compliance with applicable laws and regulations. This audit will assess USAID’s efforts to conduct required financial audits of its project awards.

Reliability of Funding and Contract Data Maintained by the U.S. Central Command Joint Theater Support Contracting Command (C-JTSCC) on Prime Vendors for Major Reconstruction Contracts in Afghanistan
This audit will follow up on certain data provided by the C-JTSCC, which identified the contractors it contracts with using the Afghanistan Security Forces Fund (ASFF). Specifically, the C-JTSCC may have reported obligations that differed significantly from total contract values. In June, the Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Contracting Oversight cited specific concerns about the accuracy and reliability of the
C-JTSCC data provided to SIGAR. This audit will determine the cause of the discrepancies, the measures that the C-JTSCC has taken to address the discrepancies, and any additional steps that the C-JTSCC needs to take to ensure the accuracy and reliability of its contract data.

**Accountability of ANSF Vehicles**
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 (FMS) program, which is administered by the Defense Security Cooperation Agency. This audit, which is focused on vehicles, will provide insight into the overall ability of CSTC-A and the ANSF to account for and ensure the maintenance of vehicles.

**Implementation of the Afghan First Initiative for Contracting**
U.S. Forces - Afghanistan (USFOR-A) and the U.S. Embassy Kabul have adopted an Afghan First approach to contracting, which encourages the use of Afghan firms, where appropriate, to meet U.S. requirements for supplies and services in order to promote Afghan economic growth, capacity development, and related counter-insurgency objectives. Specifically, SIGAR will examine the systems and controls in place to identify capable Afghan contractors; evaluate efforts by U.S. and coalition partners to identify and address vulnerabilities of the Afghan First initiative to fraud, waste, and abuse; and determine what key challenges, if any, have been experienced in implementing the Afghan First initiative and associated strategies.

**Forensic Audits**
Public Law 110-181, as amended, requires that before SIGAR is terminated, it must prepare and submit to the appropriate congressional committees a final forensic audit report on programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. To identify waste, fraud, and abuse of taxpayer dollars, SIGAR is conducting forensic reviews of three major reconstruction funds:
- the Afghanistan Security Forces Fund (ASFF), managed by DoD
- the Economic Support Fund (ESF), managed by USAID
- the International Narcotics Control and Law Enforcement (INCLE) account, managed by DoS

**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. Congress has appropriated more than $39.45 billion to the ASFF since the fund was created in FY 2005. Approximately $12.9 billion had been disbursed as of FY 2010.

Obtaining data to perform testing has been a challenge because once DoD obligates ASFF funds, it transfers a significant amount of these funds
immediately to a Foreign Military Sales (FMS) trust-fund account to await disbursement. As of September 30, 2011, the Defense Finance and Accounting Service had provided SIGAR with files covering approximately $9.2 billion in disbursements processed through the FMS account. These files allow only a limited forensic review because they do not include a number of data fields. However, SIGAR has been receiving weekly data feeds; once this process is completed, SIGAR will perform a duplicate payment review and several vendor-related tests. Meanwhile, SIGAR’s forensic team continues to scrub the available data sets to isolate unique vendor IDs and create a master vendor list that will identify vendors across all agencies. SIGAR will use this list to perform cross-agency forensic testing.

SIGAR has conducted a forensic review of $1.7 billion of direct ASFF-related disbursements (non-FMS) from USACE for FY 2005 through FY 2009. Tests were performed to isolate anomalies, such as duplicate payments and vendors on the excluded-party lists. SIGAR will combine these results with the results of the tests described above to identify high-risk transactions that warrant additional review.

Forensic Review of USAID Transaction Data Related to Afghanistan Reconstruction
SIGAR has asked USAID for additional source documentation for exceptions identified during its initial review of more than 73,000 transactions, amounting to $7.4 billion in disbursements, from 2002 through July 2010. SIGAR is awaiting final documentation; much of this documentation is housed in the field, which accounts for the delay. SIGAR has also obtained updated transaction data through June 2011 and has been working with USAID to ensure accurate and complete data feeds. SIGAR is awaiting a revised transactional data set through September 30, 2011. Once SIGAR obtains the data, the forensic team will perform another round of testing. SIGAR is obtaining data updates on a quarterly basis and will perform continuous monitoring of USAID transactions.

Forensic Review of DoS Transaction Data Related to Afghanistan Reconstruction
In June 2010, SIGAR launched its forensic review of transaction data related to the INCLE account. Congress had provided $3.25 billion for INCLE through June 30, 2011. SIGAR has obtained a transactional data set and is working with DoS to receive the data definitions necessary to perform an accurate forensic review.

Audit Plan for FY 2012
During this reporting period, SIGAR identified audits for FY 2012 and worked with the Southwest Asia Joint Planning Group to develop the Comprehensive Oversight Plan for Southwest Asia, to prevent duplication of effort and ensure maximum oversight of the U.S. reconstruction effort. The plan incorporates the ongoing and planned audits of eight oversight agencies in addition to SIGAR: DoD OIG, DoS OIG, USAID OIG, the Government Accountability Office, the
In FY 2012, SIGAR's audit work will focus on five major areas of concern:

- PSCs
- Afghan governance capacity and sustainability
- Program results and evaluation
- Contracting
- Fraud detection and mitigation

INVESTIGATIONS

During this reporting period, SIGAR’s participation in criminal investigations resulted in one sentencing, two guilty pleas and five indictments and arrests of individuals charged with soliciting more than $2 million in bribes and kickbacks from contractors involved in the U.S. reconstruction effort. On September 23, 2011, a SIGAR-initiated investigation led to the successful prosecution of the largest bribery case in Afghanistan since the war began 10 years ago. A former U.S. Army Reserve captain was sentenced to prison and fined $315,000 for soliciting $1.3 million in bribes from contractors working on reconstruction projects and for his role in a conspiracy to distribute heroin.

From June 30 to September 30, 2011, SIGAR opened 31 cases and closed 10 cases, bringing the total of open investigations to 111. In addition, SIGAR made 18 referrals for the suspension and debarment of individuals and companies for fraud, other illegal activity, or poor performance. SIGAR’s aggressive suspension and debarment program is focused on making all contractors more accountable—U.S., Afghan, and third-country nationals. In addition, SIGAR received 38 complaints through its Hotline.

U.S. Military Reserve Officer Sentenced and Ordered To Pay $315,000 in Restitution

On September 23, 2011, U.S. District Judge Anthony Trenga in the Eastern District of Virginia sentenced Sidharth (“Tony”) Handa to two concurrent sentences for bribery and conspiracy to distribute a controlled substance. Handa, a U.S. military reserve officer, received a seven-year sentence followed by three years of supervised release for soliciting more than $1.3 million in bribes from contractors involved in Afghanistan reconstruction. He received an additional 10-year sentence to be followed by 5 years of supervised release for also participating in a conspiracy to distribute heroin from southwest Asia. The judge also ordered Handa to make restitution of $315,000—the amount of bribe money that Handa and his interpreter had collected—and levied a special assessment fee of $100 for each count of his conviction.

U.S. Attorney Neil H. MacBride of the Eastern District of Virginia and Assistant Attorney General Lanny A. Breuer of the Justice Department’s Criminal Division announced the sentencing, noting that it was the largest bribery prosecution to date from the U.S. mission in Afghanistan.
The court records detail Handa’s scheme to secure bribes from contractors. Handa, who was stationed in Afghanistan from March through November 2008, served as the liaison between the local governor and engineers on the Provincial Reconstruction Team in Kunar. He assisted in the award of U.S.-funded reconstruction projects to local contractors. Handa admitted to soliciting bribes that were typically equal to 10% of a contract’s overall value, although the figure was negotiable depending on the contractor’s ability to pay. Handa was assisted by Afghan interpreters. Of the $1.3 million in bribes that contractors had agreed to pay, Handa and his interpreter collected $315,000, which they split evenly.

After he left Afghanistan, Handa attempted to collect more than $1 million that contractors had pledged to pay him. A cooperating witness offered to help Handa collect this bribe money. Through 2010 and early 2011, Handa provided the cooperating witness with details about the outstanding bribes. During his conversations with the cooperating witness, Handa also indicated that he knew people in the drug business. He and the cooperating witness developed plans to sell kilogram quantities of heroin to Handa’s contacts.

On April 7, 2011, Handa met with the cooperating witness and an undercover officer in a Northern Virginia hotel, where Handa collected what he believed to be $500,000 in bribe payments. When the undercover officer also showed Handa a kilogram of heroin, Handa said he knew the right people to receive it. Handa expected to receive $10,000 for that heroin and a percentage on all future drug deals. Special Agents from SIGAR and other agencies arrested Handa as he left the hotel with the bribe money. Handa was also in possession of a loaded handgun and a spreadsheet detailing the specific bribe amounts paid and outstanding.

In addition to SIGAR, the Federal Bureau of Investigation’s (FBI) Washington Field Office, the Defense Criminal Investigative Service (DCIS), and the Drug Enforcement Administration participated in the joint investigation that led to Handa’s arrest. Assistant U.S. Attorneys Kosta Stojilkovic and Dennis Fitzpatrick of the Eastern District of Virginia and Senior Trial Attorney David Bybee of the Department of Justice Criminal Division’s Fraud Section prosecuted the case.

In its July 2011 quarterly report, SIGAR reported on Handa’s arrest and his guilty plea. At the time, SIGAR did not reveal Handa’s name because of an ongoing investigation.

From the day he stepped foot in Afghanistan, Mr. Handa negotiated a staggering amount of bribes from contractors in a blatant breach of the trust our military put in him. His actions brought shame to our mission, harmed our reconstruction efforts, and defrauded American taxpayers who funded the contracts he looted.”

—U.S. Attorney Neil H. MacBride, Eastern District of Virginia

Former Army Contracting Officials and a Defense Contractor Charged with Nine Counts of Bribery, Fraud, Conspiracy, and Theft of Government Funds

On September 22, 2011, a SIGAR Special Agent and other U.S. law enforcement officials arrested Raul Borcuta—a former member of the U.S. Army employed by a PSC working in Afghanistan—on charges of bribery, fraud, and theft of government funds. The arrest took place at Miami International Airport, where Borcuta entered the United States from Europe. Upon his arrest, the U.S. District Court for the Northern District of Illinois unsealed a nine-count indictment charging

Borcuta and two co-conspirators—Zachary Taylor and Jared Close—with mail fraud, wire fraud, conspiracy, bribery, and theft of government funds in connection with the award of a contract to provide services to a U.S. government Provincial Reconstruction Team in Farah. SIGAR—together with the DCIS, the U.S. Army Criminal Investigation Command, and the FBI—conducted the 11-month investigation that led to the charges.

According to the indictment, Borcuta, 32, defrauded the U.S. government in connection with a contract to provide two up-armored sport-utility vehicles for an Afghan provincial official who had received death threats from insurgent groups. The indictment alleges that Borcuta paid $10,000 each to Taylor and Close to (1) award him the contract to provide the vehicles, and (2) provide full payment for the vehicles before they were delivered. Taylor and Close, formerly U.S. Army staff sergeants assigned to the Provincial Reconstruction Team in Farah, allegedly authorized a payment to Borcuta of approximately $200,000 in U.S. government funds. According to the indictment, Borcuta received the money but never delivered the vehicles required by the contract.

The defendants face a maximum penalty of 20 years in prison for each mail fraud count, 20 years for each wire fraud count, 30 years for each conspiracy count, 15 years for each bribery count, and 10 years for each theft of government funds count.

U.S. Army Sergeants Plead Guilty to Bribery and Criminal Conspiracy

In August 2011, two U.S. Army sergeants—Gary M. Canteen and Charles O. Finch—pleaded guilty in the U.S. District Court for the District of Hawaii to federal bribery and criminal charges for accepting more than $200,000 in bribes from an Afghan trucking company that received more than $20 million under a lucrative contract for trucking and transportation services (“line-haul services”) in Afghanistan. Sentencing is scheduled for January 2012. Finch, who was the noncommissioned officer in charge of Operations Support at Bagram Airfield from January 2004 to January 2005, faces up to 15 years in prison and a $250,000 fine. Canteen, who was a first sergeant in the U.S. Army’s 725th Logistical Task Force, deployed to Bagram from February 2004 to February 2005, faces up to five years in prison and a $250,000 fine. SIGAR provided administrative personnel and support to the trial team.

At Bagram Airfield, Canteen supervised approximately 40 enlisted soldiers, including Finch, who was responsible for arranging line-haul services from Bagram to forward operating bases. Finch’s job was to gather requests for the transportation of supplies from the Bagram area to U.S. and coalition soldiers at numerous forward operating bases and assign private contractors that held line-haul blanket purchase agreements (BPAs) to deliver the supplies. DoD uses BPAs to pay contractors for services such as transportation. As the noncommissioned officer in charge of Operations Support, Finch not only participated in evaluating and recommending the award of line-haul services at Bagram, but also
was the contracting officer’s representative on each BPA. As such, he had the authority to order trucking services against the BPAs, verify the trucking contractors’ invoices, and facilitate DoD payments to the contractors.

Canteen and Finch conspired with each other and the owners of AZ Corporation, a military contractor that provided line-haul transportation services under a BPA contract at Bagram, to accept bribes from AZ Corporation, an Afghan-owned company, in exchange for lucrative contracts and BPAs for line-haul services, including transporting supplies for reconstruction projects. Two brothers—Assad and Tahir Ramin—owned AZ Corporation. Finch coordinated with the Ramin brothers to have $50,000 wired to the bank account of a t-shirt and souvenir shop that Canteen owned in Honolulu, Hawaii. Shortly after the Ramin brothers wired the money to the shop, Finch drafted a memorandum recommending that AZ Corporation be awarded a large line-haul BPA. Three days later, AZ Corporation won the BPA.

Finch has admitted to receiving approximately $150,000 in bribe payments over six months for himself and others as part of this collusion with the Ramin brothers. Canteen has admitted to collecting $30,000 to $70,000. Records indicate that DoD paid AZ Corporation more than $20 million for line-haul services facilitated by Canteen and Finch during this period.

**U.S. Army Warrant Officer Indicted for Bribery**

A SIGAR investigation, conducted in cooperation with the International Contract Corruption Task Force (ICCTF), resulted in an indictment on August 4, 2011, of a U.S. Army Special Forces warrant officer for soliciting $60,000 in bribes for his assistance in finalizing a $500,000 DoD reconstruction contract. The trial is scheduled to begin later this year in the U.S. District Court in Alexandria, Virginia. Two interpreters involved in this case—one a U.S. citizen and the other an Afghan national—have been terminated from their positions.

**DoD Employee Charged With Bribery**

On August 24, 2011, the FBI arrested Desi Wade, a DoD employee who served as chief of Fire and Emergency Services with USFOR-A, for soliciting nearly $100,000 in kickbacks from a DoD contractor. The arrest followed an ICCTF investigation led by DCIS and supported by SIGAR and the FBI in Afghanistan and the United States. Wade, who has been charged with bribery, was required to post a $20,000 unsecured bond and surrender his passport and military identification as a condition for his release pending trial. The case is being prosecuted by the U.S. Attorney’s Office for the Northern District of Georgia.

In July 2011, the ICCTF opened an investigation of Wade after an employee of a DoD contractor reported to DCIS that Wade had requested a kickback on a DoD contract. According to the contractor’s employee, Wade wanted the DoD contractor to hire his “brother-in-law” as a no-show employee for the equivalent of 5% of the value of the contract—a total of $125,000. The bribe money would have been used to pay the contractor’s expenses.

A DoD employee is arrested on August 24 by the FBI on a charge of bribery for soliciting more than $100,000 in kickbacks from a DoD contractor. SIGAR supported the investigation that led to the arrest.
SUSPENSION AND DEBARMENT PROGRAM

This quarter, SIGAR made 18 referrals for the suspension and debarment of individuals and companies working on U.S.-funded reconstruction programs. These referrals resulted in 6 suspensions and 12 proposals for debarment.

Through recommendations for suspensions and debarments, SIGAR seeks to improve contractor accountability and ensure that only responsible and reliable companies receive U.S.-funded reconstruction contracts in Afghanistan. Since 2009, SIGAR has made 54 referrals for suspension or debarment of 47 individuals and 7 companies, as shown in Figure 1.1. The referrals have resulted in 3 finalized debarments, 6 suspensions, and 45 proposals for debarments by the Army and the U.S. Agency for International Development, as shown in Figure 1.2.

INTER-AGENCY COORDINATION

Suspensions and debarments are actions taken by U.S. agencies to exclude companies or individuals from receiving federal contracts or assistance because of misconduct. They are an important tool for ensuring that agencies award contracts only to responsible entities. A suspension is a temporary exclusion pending the completion of an investigation or legal action. Debarment, a two-step process, begins with a proposal for debarment that excludes a contractor while a Suspension and Debarment Official (SDO) considers the allegations made against the contractor. The debarment action is completed when the SDO makes a final decision to exclude a company or individual from receiving government contracts for a fixed term determined by the SDO. All suspended and debarred companies are placed on the General Services Administration Excluded Parties List. Agencies may not award contracts to companies and individuals on this list.

Each agency has an SDO who is responsible for considering and acting on referrals. SIGAR actively works with agency SDOs in DoD, DoS, USAID, and other government departments to determine the lead agency for suspension and debarment referrals. SIGAR makes referrals on the basis of completed investigations and provides all of the documentary evidence necessary for an agency to take action.

SIGAR’S ENHANCED PROGRAM

In June 2011, SIGAR enhanced its suspension and debarment program to combat procurement fraud and corruption in Afghanistan’s unique contracting environment. The U.S. government’s Afghan First policy, which seeks to build Afghan capacity and foster economic development by awarding contracts to Afghan entities, poses particular challenges to oversight because U.S. law enforcement agencies have no jurisdiction over Afghan citizens and Afghan-owned companies.

SIGAR’s suspension and debarment program addresses three serious challenges posed by the Afghan First policy and the contingency contracting conditions in Afghanistan: the need to act quickly, the lack of U.S. jurisdiction over foreign nationals and non-U.S. companies, and the vetting challenges inherent in the use of multiple tiers of subcontractors, many of which are locally owned and operated.

FIGURE 1.1


Source: SIGAR Investigations Directorate, 10/16/2011.
Although the United States has no authority to prosecute Afghan citizens for criminal activity related to U.S.-funded contracts, U.S. implementing agencies do have the ability to suspend and debar any company or individual of any nationality from obtaining additional U.S.-funded contracts. Suspensions and debarments enable these agencies to quickly address problems posed by contractors who have engaged in misconduct or performed poorly without having to obtain the jurisdiction required to initiate civil or criminal proceedings in the U.S. courts. U.S. agencies can also effectively use suspensions and debarments to prevent the award of additional contracts to contractors who have engaged in illicit activity (such as smuggling) or who have links to criminal and insurgent networks.

A senior counsel for investigations heads SIGAR’s suspension and debarment program, which is supported by investigators, auditors, and analysts focused on issues related to reconstruction. This gives SIGAR the unique ability to develop the evidentiary material needed to support suspension and debarment cases.

CASE STUDY: DEBAMENT OF NOOR AHMAD YOUSUFZAI CONSTRUCTION COMPANY AND ITS OWNER

The case of Noor Ahmad and his company illustrates how suspensions and debarments can be used effectively to prevent companies that have engaged in criminal activity from being awarded reconstruction contracts. This quarter, at the recommendation of SIGAR, the U.S. Army debarred Noor Ahmad Yousufzai Construction Company and its owner, Noor Ahmad. Noor had been arrested on June 13, 2011, by Afghan National Police officers for attempting to bribe a U.S. government official. The arrest followed an investigation by the International Contract Corruption Task Force that determined that Noor had offered a $400,000 cash payment to a contracting officer at the U.S. Army Corps of Engineers.

As an Afghan national, Noor is under the jurisdiction of the Afghan government, even though his actions were intended to influence the award of a U.S. government contract. If SIGAR had not referred Noor for debarment, no record of Noor’s attempted bribery would be readily available to the contracting community. Instead, the allegations against him would have been addressed by the local criminal courts, leaving him and his company potentially free to continue to pursue U.S. government contracts. By making its referral, SIGAR acted to ensure that Noor and his company are excluded from receiving future U.S. contracts.

Noor and his company were added to the General Services Administration’s Excluded Parties List on August 31, 2011. Because U.S. government agencies may not contract with companies and individuals on this list, Noor will not have another opportunity to try to improperly influence contracting personnel.
be paid directly to Wade. In exchange, Wade promised to provide the DoD contractor with confidential bid information on future DoD contracts. The DoD contractor’s employee supported the investigation, and all of his meetings with Wade were electronically monitored.

During several electronically monitored meetings between the contractor’s employee and Wade, Wade provided confidential bid information about ongoing government contracts. Wade also claimed to have previously provided information to another DoD contractor, indicating that this was not the first time he had engaged in a kickback scheme. While in Afghanistan, Wade accepted an initial bribe of $4,000 from the contractor’s employee.

In August 2011, Wade traveled from Afghanistan to Atlanta to attend the Fire Rescue International Conference. The contractor’s employee also traveled to Atlanta and met with Wade on two occasions. Wade repeated both his request for $125,000 and his promise to steer confidential bidding information to the contractor during the first meeting. After some negotiation, Wade and the contractor’s employee agreed to a $95,000 kickback. During the second meeting, which was also electronically monitored, a $95,000 bribe was paid to Wade in a hotel room. Wade was arrested in the hotel hallway after the meeting and subsequently cooperated with the FBI. During three hours of interviews, he admitted that he had accepted the $4,000 payment in a meeting monitored by SIGAR and ICCTF agents in Afghanistan. He also admitted that he had accepted the $95,000 payment in Atlanta.

Afghan Court Convicts Afghan Citizen Charged With Bribery
Following a joint operation by SIGAR, the ICCTF, and the Afghan Shafafiyat (Transparency) Investigative Unit (ASIU) last quarter, an Afghan who had attempted to bribe a USACE contract specialist was convicted in Afghan court and sentenced to three months in prison, according to an ASIU prosecutor. The prosecutor told SIGAR that Mohammed Idress Qasimi was released in September 2011, having served his sentence. For details on the investigation, see SIGAR’s July 2011 quarterly report.

Ongoing Cases
This quarter, SIGAR opened 31 investigations and closed 10, bringing the total number of ongoing cases to 111. Of the ongoing cases, about 61% involve contract fraud and 27% involve corruption and bribery, as shown in Figure 1.3. The remaining 12% involve theft of property and services, civil investigations, and miscellaneous criminal activities. SIGAR closed investigations during this reporting period either because the cases lacked prosecutorial merit or the allegations could not be substantiated.
SIGAR HOTLINE AND COMPLAINTS MANAGEMENT SYSTEM

SIGAR received 38 Hotline complaints from July 1, 2011, to September 30, 2011. SIGAR has referred 14 of them for further investigation by its own agents, referred 1 to another agency, is reviewing 10, and has closed 13. SIGAR investigators have 30 days to evaluate complaints and decide whether they merit further review and referral. Since 2009, the SIGAR Hotline has received 672 complaints.

SIGAR BUDGET

Since the Congress established SIGAR in 2008, it has appropriated $71.6 million to cover the organization’s operating expenses through FY 2011. For FY 2012, President Obama has asked the Congress for an additional $18.8 billion for Afghanistan reconstruction. If that amount is approved, it will add almost 26% to the $72.2 billion appropriated since 2002 to rebuild Afghanistan. SIGAR has requested $44.4 million for FY 2012 to enable the organization to hire and support sufficient highly specialized professionals with expertise in audits, investigations, and information management to provide the oversight required for the expanding U.S. investment into the reconstruction of Afghanistan.

SIGAR STAFF

SIGAR’s staff consists of 138 federal employees. Because of the significant increase in reconstruction funding in FY 2011 and FY 2012, SIGAR plans to build its staff to 180 full-time employees in FY 2012. SIGAR continues to refine its processes to reduce recruitment time in filling critical positions, as well as improve its support to SIGAR staff in Afghanistan.

SIGAR has 33 positions for personnel at the U.S. Embassy Kabul, and 16 at military bases outside Kabul. In August 2011, a new memorandum of understanding was signed to expand SIGAR’s presence to four additional locations in Afghanistan. By the end of October 2011, SIGAR staff will be stationed in several places across the country, including Kandahar, Bagram, Herat, Helmand, and Salerno. SIGAR also employs three local nationals in its Kabul office—two investigators and one person serving as translator and Hotline administrator. In addition, SIGAR supports its work with staff assigned to short-term temporary duty in Afghanistan. This quarter, SIGAR had 8 personnel on TDY to Afghanistan for a total of 150 days.
Breaking the Fast
A child receives a gift of an Afghan flag during a celebration of the end of Ramadan on August 31 in Helmand province. U.S. Marines partnered with ANA and ANP personnel to distribute flags and other gifts in support of the Eid holiday, which marks the end of the month-long fasting period. (U.S. Marines photo, Cpl Colby Brown)
AFGHANISTAN OVERVIEW
“...for Afghanistan to become truly self-reliant, apart from the security transition, we will need a comprehensive economic transition. This transition will take a much longer time than the transition of security and will require the continuation of the steadfast support of our international partners far beyond 2014.”

—Afghanistan President Hamid Karzai

AFGHANISTAN OVERVIEW

The immediate focus of the U.S. reconstruction effort is on facilitating the transition of responsibility for Afghanistan’s security to the Afghan National Security Forces (ANSF) in 2014. The success of the long-term U.S. strategy will depend on (1) building Afghan National Army and Afghan National Police forces that can provide security for the Afghan people and preventing al-Qaeda from gaining a stronghold in Afghanistan, (2) achieving a political settlement, and (3) fostering sustainable economic development. During this reporting period, Afghanistan made progress toward achieving some transition goals but also experienced serious setbacks, including the assassination of Burhanuddin Rabbani—a former Afghan president and chairman of a government council seeking a political settlement with insurgents. Key developments this quarter included the following:

• The North Atlantic Treaty Organization (NATO) hosted a meeting of the defense ministers of the 49 countries that contribute to the International Security Assistance Force (ISAF) to assess the transition process and develop plans to support Afghanistan after 2014.
• Assassinations of Afghan government officials undermined security gains and jeopardized the peace and reconciliation process.
• The International Monetary Fund (IMF) announced that it had reached a staff-level agreement with Afghan authorities to renew its credit program for three years.
• The United States, with the support of the Afghan government, promoted the New Silk Road initiative to help stabilize the Southwest Asia region by spurring economic growth throughout the region.
• The international community and the Afghan government prepared for two upcoming conferences that will help determine how the international community will support Afghanistan during and after the transition.

SECURITY

More than half of the nearly $73 billion that the Congress has provided for the reconstruction of Afghanistan since 2002 has been used to build Afghanistan’s security forces. Since 2005, the Congress has appropriated nearly $39.5 billion through the Afghan Security Forces Fund (ASFF) to train, equip, house, and sustain the ANSF. President Obama has asked for an additional $12.8 billion for the ASFF for FY 2012 to support this effort, which the United States views as critical to stabilizing Afghanistan and denying al-Qaeda sanctuary.
In mid-October, the NATO Training Mission - Afghanistan (NTM-A) reported that the ANSF was achieving its recruitment goals. The ANSF totaled more than 305,600—the growth target for October 31, 2011, according to NTM-A officials.\(^1\) This number included 170,500 personnel in the Afghan National Army (ANA), and 135,000 in the Afghan National Police (ANP). Last quarter, the Afghan government and the international community agreed to increase the combined strength of the Afghan security forces to 352,000 by November 2012. SIGAR has serious concerns about the sustainability of a force this size. SIGAR understands that the international community and the Afghan government are discussing scaling this number back because of their concerns about cost and sustainability.

SIGAR has completed 10 audits of contracts and programs to provide infrastructure, sustain forces, and assess ANSF capabilities. SIGAR’s audits of infrastructure projects—including two this quarter of the Kabul Military Training Center and the Afghan National Security University—have repeatedly found problems related to costs, schedule delays, and sustainability. (For a summary of the findings of these audits, see Section 1.)

To be self-sustaining, the ANSF must be able to operate and maintain facilities and equipment, manage budgets, account for funds, and provide supplies—such as food and fuel. Recent assessments found that few ANSF units had achieved the highest performance ratings. SIGAR will be conducting audits to assess a range of capabilities that are vital to successfully transitioning responsibility for security to the ANSF. (For more on ANSF assessments, see “Security” in Section 3.)

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**KEY EVENTS, OCTOBER 2001–OCTOBER 2011**

**FY 2002**
- Congress appropriates $1.06 billion for reconstruction.
- Appropriations to ESF and INCLE begin.
- Troops in country: U.S.—5,200; coalition—4,700

**FY 2003**
- Congress appropriates $1.01 billion for reconstruction (cumulative total: $2.08 billion).
- Troops in country: U.S.—10,400; coalition—5,000


12/2001: **Bonn Agreement** establishes the Afghan Interim Authority, chaired by Hamid Karzai. ISAF is established by UN Security Council.

1/2002: **Tokyo Conference** is held; U.S. pledges $297 million.

3/2002: UNAMA is established.

5/2002: Afghan Transitional Administration headed by Hamid Karzai is set up by emergency Loya Jirga.

6/2002: First ISAF mission is conducted by NATO.

Note: Numbers affected by rounding.
AFGHANISTAN OVERVIEW

Transition Faces Challenges
Last quarter, the ANSF assumed responsibility for security in seven areas in which about 25% of the population lives. The Afghan government was scheduled to identify additional areas for transition in October; however, when this report went to press, the government had not announced where the next transition would take place.

According to U.S. officials, the transition is on schedule, and the overall security situation has improved. Nevertheless, the Taliban’s ability to launch dramatic attacks (the September attack on the NATO headquarters and the U.S. Embassy Kabul, for example) and the increase in assassinations of Afghan government officials raise serious concerns. Secretary of Defense Leon Panetta told the Congress that the Taliban has shifted away from attacks on coalition forces to more high-profile attacks and assassinations. “While overall violence in Afghanistan is trending down substantially in areas where we concentrated the surge,” said the Secretary, “we must be more effective in stopping these attacks and limiting the ability of insurgents to create perceptions of decreasing security.”

He also noted that Afghan and coalition forces still face a tough campaign in eastern Afghanistan, where the topography, cultural geography, and safe havens across the Pakistan border give the insurgents advantages that they have lost in other parts of the country.

U.S. officials, Afghan government leaders, and international organizations have re-emphasized this quarter that development, governance, and the rule

KEY EVENTS, OCTOBER 2001–OCTOBER 2011 (Continued)

<table>
<thead>
<tr>
<th>FY2004</th>
<th>Congress appropriates $2.60 billion for reconstruction (cumulative total: $4.68 billion). Appropriations to CERP and DoD CN funds begin. Troops in country: U.S.—15,200; coalition—8,000</th>
</tr>
</thead>
</table>

|---|---|

<table>
<thead>
<tr>
<th>FY2006</th>
<th>Congress appropriates $3.48 billion for reconstruction (cumulative total: $13.01 billion). Troops in country: U.S.—20,400; coalition—18,000</th>
</tr>
</thead>
</table>

| | 9/2005: First parliamentary and provincial council elections in more than 30 years are held. |

10/2001: NATO assumes security responsibility for entire nation.
10/2004: First national presidential election is held. Hamid Karzai is inaugurated for a five-year term.

Continued on next page...
of law are as important to ensuring a sustainable transition as building the Afghan security forces. As the Secretary-General of the United Nations noted in his quarterly report to the Security Council, “Much will depend on success in strengthening institutions, particularly at the sub-national level; on creating jobs and economic opportunities; and on access to the delivery of basic justice.”

There is growing recognition that development, governance, and the rule of law cannot be fully achieved by 2014 and that the transition process as currently envisioned is not easily sustainable because no one has fully assessed the operational and support costs of reconstruction programs. Consequently, the Afghan government will need long-term international assistance.

In his address to the UN General Assembly, President Hamid Karzai underscored this point: “Transition is not just limited to security. Indeed, while transition is both desirable and inevitable, the economic effect of the withdrawal of foreign forces from Afghanistan needs to be managed carefully. In other words, for Afghanistan to become truly self-reliant, apart from the security transition, we will need a comprehensive economic transition.” He added that the economic transition will take a much longer time than the security transition and require continuing support from international partners beyond 2014.

In addition, as Secretary Panetta told Congress, “We must not underestimate the difficult task the Afghans still face in developing governance that can meet the minimum needs of the Afghan people and help them take and sustain control of their country.”

This quarter, the United States and its coalition partners, working together with the Afghan government, began examining ways to better fuel economic

### Key Events, October 2001–October 2011 (Continued)

| FY2007 | Congress appropriates $10.03 billion for reconstruction (cumulative total: $23.04 billion). Troops in country: U.S.—23,700; coalition—26,043 |
| FY2008 | Congress appropriates $6.19 billion for reconstruction (cumulative total: $29.23 billion). Troops in country: U.S.—30,100; coalition—29,810 |
| FY2009 | Congress appropriates $10.37 billion for reconstruction (cumulative total: $39.70 billion). Troops in country: U.S.—33,000; coalition—36,230 |

- 1/2007: ISAF troops: 35,460 from 37 nations (14,000 U.S.)
- 2/2008: ISAF troops: 43,250 from 40 nations (15,000 U.S.)
- 4/2008: President Karzai formally approves the ANDS (five-year plan).
- 6/2008: Paris Donors Conference is held; donors pledge more than $20 billion. Gen. David D. McKieman becomes ISAF Commander.
- 3/2009: President Obama commits 17,000 more troops.
- 10/2009: ISAF Commander, Gen. McKieman named Commander of newly formed USFOR-A.
growth and strengthen Afghan governing capacity. The United States has proposed the New Silk Road, an initiative to spur regional cooperation and boost the economies of Afghanistan and its neighboring states. Through a series of military, regional, and international conferences, the international community is working to build a consensus on how it will support Afghanistan through 2014 and beyond.

**NATO Hosts Meeting of ISAF Defense Ministers**

In early October, NATO hosted a two-day meeting of the defense ministers from the 49 countries that contribute to ISAF to assess the transition process. The participants determined that the transition was on track and pledged support for Afghanistan after 2014. This gathering served as a prelude to the NATO Summit, which is scheduled to take place in Chicago in May 2012. NATO Secretary-General Anders Fogh Rasmussen told the participants, “The Afghan forces are becoming more capable every day. They have faced dangers and threats head-on with courage, skill and determination.” He said NATO nations would decide at the Chicago Summit how to continue to support the Afghan security forces after the transition.

**Private Security Contractors**

During this reporting period, ISAF and the U.S. Embassy Kabul conducted a six-month evaluation of the ability of the new Afghan Public Protection Force (APPF) to provide security services for development and humanitarian projects.

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**KEY EVENTS, OCTOBER 2001–OCTOBER 2011 (Continued)**

<table>
<thead>
<tr>
<th>FY2010</th>
<th>FY2011</th>
</tr>
</thead>
</table>

1/2010: **2nd London Conference** produces agreement to begin transition to Afghan responsibility for security.

2/2010: ISAF troops: 85,795 from 43 nations (47,085 U.S.)

7/2010: **Kabul Conference** produces agreement on GIRoA Prioritization and Implementation Plan.

Gen. David Petraeus becomes Commander of ISAF and USFOR-A.

6/2011: ISAF troops: 132,381 from 48 nations (90,000 U.S.)

President Obama announces reduction of U.S. troops by 10,000 in 2011 and by 33,000 by the end of summer 2012.

10/2011: Coalition forces begin 11th year in Afghanistan.

11/2010: **Lisbon Summit** produces agreement on withdrawal of international combat forces by 2014 and progressive transition of security responsibility to the ANSF.

12/2009: President Obama commits 30,000 more troops (the “surge”).
SIGAR understands that the assessment has not been finalized. The APPF is scheduled to replace some private security contractors (PSCs) in six months. U.S. agencies, contractors, non-government organizations, and other entities implementing the reconstruction effort in Afghanistan all depend on PSCs to provide security for their personnel and infrastructure. In August 2010, President Hamid Karzai issued a decree that would have banned all PSCs by the end of that year. The decree was, in part, a response to the growing concerns about the activities of some PSCs. Negotiations between the Afghan government and the international community resulted in a “bridging strategy” that would give the Afghan government time to develop the APPF so it can assume the responsibilities of some PSCs. Under this strategy, the U.S. Embassy Kabul and ISAF could still employ PSCs for diplomatic and military missions and projects. However, PSCs providing security services for development and humanitarian projects must be replaced by the APPF by March 20, 2012. The Afghan Ministry of Interior, ISAF, and the U.S. Embassy Kabul agreed to conduct regular assessments of the APPF to determine whether it would be capable of providing the necessary security. SIGAR has ongoing and planned audits of private security contracts because of the importance of PSCs to the U.S. reconstruction mission.

**ECONOMIC DEVELOPMENT**

Two developments this quarter could help bolster international support for long-term economic development in Afghanistan—an IMF announcement that it had reached a staff-level agreement to renew its credit program for Afghanistan, and an initiative to build a regional transit and communications network to underpin economic growth.

**IMF To Renew Afghanistan’s Extended Credit Facility**

On October 6, 2011, IMF and Afghan authorities reached an initial agreement on a three-year, $129 million program under an Extended Credit Facility (ECF), which provides financial assistance to countries with protracted balance-of-payment problems. The IMF executive board is expected to give final approval of the ECF arrangement in November. The Afghan National Assembly removed one of the chief obstacles to approval when the Lower House adopted a budget that included the first tranche of $51 million to recapitalize Kabul Bank. International donors, especially the U.S. government, have insisted that no reconstruction funds be used to recapitalize Kabul Bank (the country’s largest private bank).

Once approved, the agreement paves the way for a resumption of international donor contributions to the Afghanistan Reconstruction Trust Fund (ARTF), which supports Afghanistan’s operating budget and development programs. Unlike the United States, many countries have regulations that prevent them from providing assistance to countries that do not have an agreement with the IMF.

More than a year ago, the IMF suspended its Afghanistan program because of the massive fraud at Kabul Bank and insufficient oversight of the financial system. IMF officials said that Afghan authorities had made progress in managing
the Kabul Bank crisis and had also taken measures to safeguard fiscal sustainability. Under the agreement, the Afghan authorities will still have to demonstrate that they are working hard to recover the estimated $900 million that the Kabul Bank lost.

**U.S. Proposes New Silk Road Initiative**

During this reporting period, the United States offered a new vision for the economic integration of the Southwest Asia region. On September 22, Secretary of State Hillary Clinton and the foreign ministers of Germany and Afghanistan co-chaired a meeting of foreign ministers and senior officials from 27 countries and international organizations to discuss the New Silk Road. The initiative aims to build a regional commercial and transit network to underpin long-term economic development for Afghanistan and its neighbors. In a joint statement following the ministerial meeting, the co-chairs said, “The creation of a New Silk Road will help Afghanistan and its neighbors maximize the value of natural resources, build human capacity, create jobs, generate revenue to pay for needed services, and capitalize on the region’s economic potential.” The initiative springs from a growing realization that the transition poses economic as well as security challenges. “As coalition combat forces leave Afghanistan, the support structure that has grown up to supply them will shrink dramatically,” said Secretary Clinton, “That will mean fewer jobs for Afghans and a loss of economic activity. So the Afghan economy will need new sources of growth independent of foreign assistance connected to the military mission.”
U.S. policy makers have long recognized the inextricable connection between Afghanistan and Pakistan. One objective of the initiative is to encourage Pakistan to become more engaged in regional development. At the ministerial meeting on the New Silk Road, Secretary Clinton said that Afghanistan’s economic and political future was linked to that of its neighbors: “For Afghans to enjoy sustainable prosperity, they will have to work alongside all of their neighbors to shape a more integrated economic future for the region that will create jobs and will undercut the appeal of extremism.”

GOVERNANCE

The U.S. reconstruction strategy in Afghanistan emphasizes building Afghan governing capacity at all levels to provide for essential services, implement the rule of law, and encourage peace and reconciliation. In addition to funding contracts for projects and programs to train administrators, support institutional reforms, develop agriculture, and increase access to health care, education, and the justice system, the United States has expanded a civilian-led effort to work with Afghan officials at the national, provincial, and district levels. Since 2009, the U.S. government has nearly tripled the number of civilians deployed to Afghanistan.

This quarter, SIGAR completed two audits that assessed aspects of the U.S. effort to build Afghan governing capacity. The first, which SIGAR conducted jointly with the Department of State Office of Inspector General, found that since 2009 the United States has spent nearly $2 billion to deploy about 720 additional civilian personnel and to provide facilities and services that benefit both base and uplift personnel. This audit concluded that the uplift faces serious challenges because of budget uncertainty and a lack of clarity about the ultimate size of the U.S. civilian presence needed in Afghanistan going forward. A second audit of U.S. capacity-building efforts at the Afghan Ministry of Agriculture, Irrigation, and Livestock found that the U.S. government does not have the ability to evaluate whether the U.S. strategy to develop the ministry is working and whether U.S. resources are properly aligned to achieve the Ministry’s capacity-building objectives. SIGAR recommended that the U.S. government take a number of steps to better assess capacity-building efforts, including establishing baselines and targets. (For a summary of these audits, see Section 1.)

Assassinations Undermine Peace and Reconciliation Efforts

On September 20, a man posing as a Taliban peace envoy detonated a bomb hidden in his turban, killing himself and former President Rabbani, who was the internationally respected Chairman of the High Peace Council. President Karzai created the council to find a political solution to the conflict in Afghanistan. The assassination was a major blow to the nascent reconciliation efforts under way with the Taliban and has left the peace process in disarray.

The assassination of the former president was the latest in a series of high-profile killings. Insurgents have been increasingly targeting senior government officials, influential local and religious leaders, and members of the security
forces.¹² Insurgents killed at least 183 individuals in July and August alone, according to the Secretary-General of the United Nations.¹³ Among those killed were three senior figures in Kandahar province: the mayor of Kandahar City, the leader of the province’s Ulema Shura (Council of Islamic Scholars), and the head of the Provincial Council. The latter, Ahmad Wali Karzai, was President Karzai’s half-brother. In his quarterly report, the UN Secretary-General noted that news of these assassinations “reverberated across the country, raising concerns for the political stability of the south, given the influence exerted by those killed and their ties to the government in Kabul.”¹⁴

The number of political assassinations in Kandahar has escalated from an estimated average of 1 per month in 2009 to 10 per month in 2011.¹⁵ These assassinations not only undermine efforts to achieve a political settlement in Afghanistan, they make it much more difficult to build a stable government capable of responding to the needs of its citizens.

LOOKING FORWARD
Afghanistan stands at a critical crossroads as the United States and its coalition partners prepare to reduce their military presence and transition more responsibility for security, governance, and economic development to the Afghan government. Next quarter, the international community will hold two key conferences to discuss Afghanistan’s future.

In November, Turkey will host a meeting in Istanbul of regional leaders to address security, political concerns, economic issues, and the New Silk Road initiative. A key objective of the meeting is for Afghanistan’s neighbors to commit to supporting an independent and stable Afghanistan.

In December, delegates from 90 nations and international organizations will convene in Bonn, Germany, to assess the transition process and determine how the international community will support Afghanistan after 2014. This meeting comes 10 years after the 2001 Bonn Conference that created the Afghan Interim Authority following the overthrow of the Taliban. The 2001 Bonn Agreement established a political framework and a timeline for setting up a new government. The 2010 Bonn Conference will bring the international community together to discuss continued international support of Afghanistan through the transition and beyond.
School Supplies
Children at a school in Kabul receive pens, paper, and other school supplies donated by a U.S. charitable organization on August 20. Since October 2010, the Marines have distributed more than 12,000 pounds of donated school supplies to help educate Afghan students. (U.S. Marines photo, Sgt Catherine Threat)
3 RECONSTRUCTION UPDATE
“…Afghanistan’s political future is linked to its economic future… lasting stability and security go hand in hand with economic opportunity. People need a realistic hope for a better life, a job and a chance to provide for their family.”

—U.S. Secretary of State Hillary Rodham Clinton

Source: U.S. Secretary of State Hillary Rodham Clinton, “Remarks at the New Silk Road Ministerial Meeting,” 9/22/2011.
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 those audits, cross-references direct the reader to more information in Section 1 or on SIGAR’s website.

Section 3 is divided into four subsections: Status of Funds, Security, Governance, and Economic and Social Development. 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.

TOPICS

Section 3 discusses four broad topics: historical and current funding information, security conditions, governance-related activities, and economic and social development programs. The section also provides information on the progress of efforts to reduce corruption and combat the narcotics trade in Afghanistan.

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 highlights developments affecting the security environment in the country. This subsection focuses on programming to build the capacity of the Afghan National Army and Afghan National Police. It reviews the status of private security contractors. It also discusses the ongoing battle against the narcotics trade in Afghanistan.

The Governance subsection provides an overview of the GIRoA’s progress toward achieving good governance. This subsection focuses on the continued controversy surrounding the makeup of the Wolesi Jirga and on the status of reconciliation and reintegration. It also reviews the level of GIRoA control in various eastern and southern provinces. It discusses capacity-building efforts, rule of law initiatives, and human rights development. This subsection also highlights U.S. and GIRoA initiatives to combat corruption.
The Economic and Social Development subsection looks at reconstruction activities by sector, ranging from agriculture and mining to energy. 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.

**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:
- U.S. Department of State
- U.S. 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 before publication to allow these agencies to verify and clarify the content that they provided for 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
- 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.
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.

**UNITS IN 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.

**CALENDAR YEARS**
The Afghan government follows the solar Hijri calendar, which began in 622 A.D. SIGAR converts these years to the Gregorian calendar. The current Afghan solar year is 1390; it began on March 21, 2011, and will end on March 20, 2012.

**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. As of September 30, 2011, the United States had appropriated approximately $72.91 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated approximately as follows:

- $40.97 billion for security
- $19.28 billion for governance and development
- $5.27 billion for counter-narcotics efforts
- $2.23 billion for humanitarian aid
- $5.15 billion for oversight and operations

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

**FIGURE 3.1**

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

<table>
<thead>
<tr>
<th>Funding Sources (Total: $72.91)</th>
<th>Department of Defense (DoD)</th>
<th>USAID</th>
<th>Department of State (DoS)</th>
<th>Distributed to Multiple Agenciesa</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASFF</td>
<td>$39.45</td>
<td></td>
<td>$13.02</td>
<td>$11.55</td>
</tr>
<tr>
<td>CERP</td>
<td>$3.04</td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>AIF</td>
<td>$0.40</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>TFBSO</td>
<td>$0.31</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>DoD CN</td>
<td>$1.89</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ESF</td>
<td>$13.02</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INCLE</td>
<td>$3.25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$11.55</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Numbers affected by rounding.

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

The amount provided to the seven major U.S. funds represents approximately 84.2% (nearly $61.37 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, more than 83.8% (over $51.44 billion) has been obligated, and nearly 71.2% (over $43.66 billion) has been disbursed. The following pages provide additional details on these funds.

### U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of September 30, 2011, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately $72.91 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.

Cumulative appropriations as of FY 2011 increased by nearly 29.6% over cumulative appropriations through FY 2010, as shown in Figure 3.2. Efforts to build and train the Afghan National Security Forces (ANSF) have received the majority of reconstruction funding since FY 2002. Cumulative appropriations for security (more than $40.97 billion) account for nearly 56.2% of total U.S. reconstruction assistance.

Figure 3.3 on the facing page displays annual appropriations by funding category from FY 2002 to FY 2011. The bars show the dollar amounts appropriated, and the pie charts show the proportions of the total appropriated by category.

#### CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF SEPTEMBER 30, 2011 ($ BILLIONS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Security</th>
<th>Governance/Development</th>
<th>Counter-Narcotics</th>
<th>Humanitarian</th>
<th>Oversight and Operations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$1.06</td>
<td>$2.08</td>
<td>$4.68</td>
<td>$9.52</td>
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Notes: Numbers affected by rounding. Updated data resulted in minor differences in appropriation amounts from figures reported last quarter.

These figures reflect amounts as reported by the respective agencies and amounts appropriated in legislation.

Appropriations for FY 2011 and FY 2010 were each nearly $16.65 billion, with FY 2011 appropriations only $1.64 million lower than FY 2010 appropriations. Although appropriations for security increased more than 26.7% over FY 2010, appropriations for most funding categories decreased, as shown in Figure 3.3. Appropriations for governance and development decreased by more than 30.8%—from $4.56 billion in FY 2010 to $3.16 billion in FY 2011.

FIGURE 3.3

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

Note: Numbers affected by rounding. Updated data resulted in minor differences in appropriation amounts from figures reported last quarter.

DoD reported ASFF funds as available, obligated, or disbursed. Available: Total monies available for commitments. Obligations: Commitments to pay monies. Disbursements: Monies that have been expended.


Note: Numbers affected by rounding.


AFGHANISTAN SECURITY FORCES FUND

The Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANSF with equipment, supplies, services, and training, as well as facility and infrastructure repair, renovation, and construction. The primary organization responsible for building the ANSF is the North Atlantic Treaty Organization (NATO) Training Mission - Afghanistan/Combined Security Transition Command - Afghanistan.

DoD reported that the Full-Year Continuing Appropriations Act of 2011 provided nearly $11.62 billion for the ASFF, bringing the total cumulative appropriations for this fund to more than $39.45 billion. Of this amount, nearly $33.34 billion has been obligated, of which more than $29.65 billion has been disbursed. Figure 3.4 displays the amounts made available for the ASFF by fiscal year.

DoD reported that cumulative obligations as of September 30, 2011, increased by more than $2.13 billion over cumulative obligations as of June 30, 2011. Cumulative disbursements as of September 30, 2011, increased by more than $2.07 billion over cumulative disbursements as of June 30, 2011. Figure 3.5 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.4

AFGHANISTAN SECURITY FORCES FUND

The Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANSF with equipment, supplies, services, and training, as well as facility and infrastructure repair, renovation, and construction. The primary organization responsible for building the ANSF is the North Atlantic Treaty Organization (NATO) Training Mission - Afghanistan/Combined Security Transition Command - Afghanistan.

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FIGURE 3.5

ASFF FUNDS, CUMULATIVE COMPARISON

($ BILLIONS)

Note: Numbers affected by rounding.

STATUS OF FUNDS

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

- 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. As of September 30, 2011, DoD had disbursed more than $29.65 billion for ANSF initiatives. Of this amount, more than $19.02 billion was disbursed for the ANA, and almost $10.48 billion was disbursed for the ANP; the remaining nearly $0.16 billion was directed to related activities.

As shown in Figure 3.6, the largest portion of the funds disbursed for the ANA—more than $8.80 billion—supported Equipment and Transportation. Of the funds disbursed for the ANP, the largest portion—nearly $3.47 billion—also supported Equipment and Transportation, as shown in Figure 3.7.


FIGURE 3.6

ASFF DISBURSEMENTS FOR THE ANA
By Sub-Activity Group, FY 2005–September 30, 2011 ($ BILLIONS)

- Equipment and Transportation: $8.80
- Infrastructure: $2.68
- Sustainment: $5.73
- Training and Operations: $1.80

Total: $19.02

Note: Numbers affected by rounding.
Source: DoD, response to SIGAR data call, 10/17/2011.

FIGURE 3.7

ASFF DISBURSEMENTS FOR THE ANP
By Sub-Activity Group, FY 2005–September 30, 2011 ($ BILLIONS)

- Equipment and Transportation: $3.47
- Infrastructure: $1.60
- Sustainment: $3.27
- Training and Operations: $2.13

Total: $10.48

Note: Numbers affected by rounding.
Source: DoD, response to SIGAR data call, 10/17/2011.
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 $5.00 million require approval from the Deputy Secretary of Defense.

As of September 30, 2011, DoD reported that the total cumulative funding for CERP amounted to nearly $3.04 billion. DoD reported that of this amount, nearly $2.20 billion had been obligated, of which almost $1.86 billion has been disbursed. Figure 3.8 shows CERP appropriations by fiscal year.

DoD reported that cumulative obligations as of September 30, 2011, increased by nearly $114.94 million over cumulative obligations as of June 30, 2011. Cumulative disbursements as of September 30, 2011, increased by more than $120.17 million over cumulative disbursements as of June 30, 2011. Figure 3.9 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.
AFGHANISTAN INFRASTRUCTURE FUND

The Ike Skelton National Defense Authorization Act for FY 2011 established the Afghanistan Infrastructure Fund (AIF) to pay for high-priority, large-scale infrastructure projects that support the U.S. civilian-military effort. Thirty days before obligating or expending funds on an AIF project, the Secretary of Defense is required to notify the Congress with details of the proposed project, including a plan for its sustainment and a description of how it supports the counter-insurgency strategy in Afghanistan.29

The Department of Defense and Full-Year Continuing Appropriations Act of 2011 appropriated $400.00 million for the AIF. DoD reported that as of September 30, 2011, approximately $215.80 million of this amount had been obligated, of which approximately $3.08 million had been disbursed.30 Figure 3.10 shows amounts appropriated, obligated, and disbursed for AIF projects.

AIF FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments
Obligations: Commitments to pay monies
Disbursements: Monies that have been expended


FIGURE 3.10

AIF FUNDS APPROPRIATED, OBLIGATED,
AND DISBURSED ($ MILLIONS)

$400
$300
$200
$100
$0

Appropriated $400.00
Obligated $215.80
Disbursed $3.08

As of Sep 30, 2011

Notes: Numbers affected by rounding. Data may include inter-agency transfers.
Sources: DoD, response to SIGAR data call, 10/20/2011; OMB, response to SIGAR data call, 7/19/2011; P.L. 112-10, 4/15/2011.
The Task Force for Business and Stability Operations (TFBSO) was established in June 2006 and operated for several years in Iraq. In 2010, the TFBSO began operations in Afghanistan aimed at stabilizing the country and countering economically motivated violence by decreasing unemployment and creating economic opportunities for the people of Afghanistan. TFBSO projects include activities that facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development.31

The Ike Skelton National Defense Authorization Act for FY 2011 provided the TFBSO the authority to spend up to $150.00 million on projects directly benefitting Afghanistan. In addition, the TFBSO may receive funds from the Operations and Maintenance, Army account for sustainment of U.S. assets, civilian pay, travel, information technology, personnel security, and other operational expenses.32

As of September 30, 2011, DoD reported that the total cumulative funding for the TFBSO amounted to nearly $313.50 million. Of this amount, more than $291.07 million had been obligated, and more than $113.69 million had been disbursed.33 Figure 3.11 shows the TFBSO appropriations by fiscal year, and Figure 3.12 shows amounts appropriated, obligated, and disbursed for TFBSO projects.
DoD DRUG INTERDITION AND COUNTER-DRUG ACTIVITIES

DoD's Drug Interdiction and Counter-Drug Activities fund (DoD CN) supports efforts to stabilize Afghanistan by combating the drug trade and related activities. DoD uses the DoD CN to provide assistance to the counter-narcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law enforcement bodies—including the Afghan Border Police—with specialized training, equipment, and facilities.34

Figure 3.13 shows DoD CN appropriations by fiscal year. DoD reported that cumulative appropriations, obligations, and disbursements as of September 30, 2011, increased by nearly $44.12 million over cumulative appropriations, obligations, and disbursements as of June 15, 2011.35 Figure 3.14 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for DoD CN projects.

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

ESF FUNDS TERMINOLOGY

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

**Appropriations**: Total monies available for commitments

**Obligations**: Commitments to pay monies

**Disbursements**: Monies that have been expended


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**ECONOMIC SUPPORT FUND**

Economic Support Fund (ESF) 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.36

As of September 30, 2011, USAID reported that the total cumulative funding for ESF amounted to nearly $13.02 billion. Of this amount, almost $10.67 billion had been obligated, of which more than $8.18 billion had been disbursed.37 Figure 3.15 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of September 30, 2011, increased by more than $1.10 billion over cumulative obligations as of June 30, 2011. Cumulative disbursements as of September 30, 2011, increased by more than $413.97 million over cumulative disbursements as of June 30, 2011.38 Figure 3.16 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

---

**FIGURE 3.15**

**ESF APPROPRIATIONS BY FISCAL YEAR**

($) BILLIONS

---

**FIGURE 3.16**

**ESF FUNDS, CUMULATIVE COMPARISON**

($) BILLIONS

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

Sources: USAID, response to SIGAR data call, 10/3/2011; OMB, response to SIGAR data call, 7/19/2011.

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL) manages an account for advancing rule of law and combating narcotics production and trafficking—the International Narcotics Control and Law Enforcement (INCLE) account. INCLE supports several INL program groups, including police, counter-narcotics, and rule of law and justice. INL reported that P.L. 112-10 provided $400.00 million for INCLE initiatives, bringing the total cumulative funding for INCLE to over $3.25 billion. Figure 3.17 displays INCLE allotments by fiscal year. Of this amount, more than $2.84 billion has been obligated, of which over $1.96 billion has been liquidated.

INL reported that cumulative obligations as of September 30, 2011, increased by $283.54 million over cumulative obligations as of June 30, 2011. Cumulative liquidations as of September 30, 2011, increased by nearly $113.74 million over cumulative liquidations as of June 30, 2011. Figure 3.18 provides a cumulative comparison of amounts allotted, obligated, and liquidated for INCLE.

INL FUNDS TERMINOLOGY

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

**Allotments**: Total monies available for commitments

**Obligations**: Commitments to pay monies

**Liquidations**: Monies that have been expended

### INTERNATIONAl ReconSTRUCTION FUNDING FOR AFGHANISTAN

In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. As noted in previous SIGAR quarterly reports, most of the international funding provided is administered through trust funds. Contributions provided through trust funds are pooled and then distributed for reconstruction activities. The two main trust funds are the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOTFA).42

#### Contributions to the Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to September 22, 2011, the World Bank reported that 32 donors had pledged more than $5.06 billion, of which almost $4.30 billion had been paid in.43 The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing nearly 43% of total ARTF funding, as shown in Figure 3.19. According to the World Bank, donors have pledged $822.92 million to the ARTF for the current Afghan fiscal year—solar year 1390—which runs from March 21 to March 20.44 Figure 3.20 on the facing page shows the 10 largest ARTF donors for SY 1390.

Contributions are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.45 As of September 22, 2011, according to the World Bank, nearly $2.30 billion of ARTF funds had been disbursed to the Afghan government through the RC Window to assist with recurrent costs such as salaries of civil servants.46 The RC Window supports the operating costs of the Afghan government because the government’s domestic revenues continue to be insufficient to support its recurring costs. To ensure that the RC Window receives sufficient funding, donors to the ARTF may not “preference” (earmark) more than half of their annual contributions for desired projects.47

The Investment Window supports the costs of development programs. As of September 22, 2011, according to the World Bank, more than $2.30 billion of ARTF funds had been disbursed to the Afghan government through the RC Window to assist with recurrent costs such as salaries of civil servants.46 The RC Window supports the operating costs of the Afghan government because the government’s domestic revenues continue to be insufficient to support its recurring costs. To ensure that the RC Window receives sufficient funding, donors to the ARTF may not “preference” (earmark) more than half of their annual contributions for desired projects.47

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The World Bank reported 20 active projects with a combined commitment value of $857.55 million, of which approximately $379.16 million had been disbursed.49

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

The United Nations Development Programme administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior.50 Since 2002, donors had pledged more than $1.99 billion to the LOTFA, of which nearly $1.88 billion had been paid in as of June 30, 2011, according to the most recent data available.54
The LOTFA’s sixth support phase started on January 1, 2011, and will run through March 31, 2013. In Phase VI, the LOTFA has transferred nearly $248.65 million to the Afghan government to cover ANP salaries, more than $8.03 million for Central Prisons Department staff remunerations, and an additional $4.62 million for capacity development and other LOTFA initiatives for the first calendar half of 2011.52 As of June 30, 2011, donors had committed nearly $598.00 million to the LOTFA for Phase VI. Of that amount, the United States had committed nearly $256.72 million, and Japan had committed $240.00 million. Their combined commitments make up more than 83% of LOTFA Phase VI commitments as of June 30, 2011.53 As of June 30, 2011, the United States had contributed more than $695.10 million to the LOTFA since the fund’s inception and committed an additional $108.00 million through Phase VI.54
As of September 30, 2011, the U.S. Congress had appropriated nearly $41.0 billion to support the Afghan National Security Forces (ANSF), as shown in Appendix B. These funds are used to build, equip, train, and sustain the ANSF, which consists of the Afghan National Army (ANA) and the Afghan National Police (ANP). Most of these funds ($39.5 billion) were appropriated through the Afghanistan Security Forces Fund (ASFF) and provided through the Combined Security Transition Command - Afghanistan (CSTC-A). Of the $39.5 billion appropriated through the ASFF, approximately $33.3 billion had been obligated and $29.7 billion disbursed as of September 30, 2011.

This section discusses assessments of the ANSF and the ministries of Defense and Interior; an overview of the use of U.S. funds to build, equip, train, and sustain the ANSF; and an update on efforts to combat the cultivation and trade of illicit narcotics in Afghanistan.

**KEY EVENTS**

On October 12, 2011, the UN Security Council extended the mission of the International Security Assistance Force (ISAF) for one year. In addition, the Security Council expressed concern about the security situation in Afghanistan, in particular “the ongoing violent and terrorist activities by the Taliban, al-Qaeda, other illegal armed groups, and criminals, including those involved in the narcotics trade.”

**ANSF ASSESSMENT**

This quarter, the ANA fielded one additional unit, bringing the total to 161, according to the U.S. Central Command (CENTCOM). CENTCOM noted that more of the units were becoming operationally effective. This assessment was based on an August 2011 Commander’s Unit Assessment Tool (CUAT) report, which stated that most units had achieved an operational rating of “effective with partners” or higher, as shown in Figure 3.21 on the following page. The ratings run from “established” through “developing” and “effective” to “independent,” as described on the next page. CENTCOM noted that the ANA’s top-rated kandak (battalion)—the 2nd Kandak, 2nd Brigade, 205th Corps, which was assessed as “independent” in March 2011—will continue to rely on coalition forces for support.
Within the three main ANP components—the Afghan Uniform Police (AUP), the Afghan Border Police (ABP), and the Afghan National Civil Order Police (ANCOP)—no units have received the “independent” rating, according to CENTCOM. However, since last quarter, one additional ANCOP unit was rated “effective with advisors” (the second-highest rating). In the other ANP components, several units were not assessed during the cycle, making it difficult to compare the ratings with those reported last quarter.\(^5\)

ISAF has used the CUAT to rate the ANSF since April 2010, when it phased out the original assessment tool, the Capability Milestone (CM) rating system. (The CM rating system is still used to assess ministerial readiness.) According to CENTCOM, the CUAT uses five ratings to assess the readiness of ANA and ANP units:\(^5\)
**Independent with Advisors:** The unit is able to plan and execute its missions, maintain command and control of subordinates, call on and coordinate quick reaction forces and medical evacuations, exploit intelligence, and operate within a wider intelligence system.

**Effective with Advisors:** The unit conducts effective planning, synchronizing, directing, and reporting of operations and status. Coalition forces provide only limited, occasional guidance to unit personnel and may provide enablers as needed. Coalition forces augment support only on occasion.

**Effective with Partners:** The unit requires routine mentoring for planning, synchronizing, directing, and reporting of operations and status; coordinating and communicating with other units; and maintaining effective readiness reports. Enablers provide support to the unit; however, coalition forces may provide enablers to augment that support.

**Developing with Partners:** The unit requires partnering and assistance for planning, synchronizing, directing, and reporting of operations and status; coordinating and communicating with other units; and maintaining effective readiness reports. Some enablers are present and effective, providing some of the support. Coalition forces provide enablers and most of the support.

**Established:** The unit is beginning to organize but is barely capable of planning, synchronizing, directing, or reporting operations and status, even with the presence and assistance of a partner unit. The unit is barely able to coordinate and communicate with other units. Most of the unit’s enablers are not present or are barely effective. Those enablers provide little or no support to the unit. Coalition forces provide most of the support.

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**MINISTRY OF DEFENSE AND MINISTRY OF INTERIOR ASSESSMENTS**

Assessments of the Ministry of Defense (MoD) and the Ministry of Interior (MoI) this quarter showed some limited progress. To rate the operational capability of these ministries, the North Atlantic Treaty Organization (NATO) Training Mission - Afghanistan (NTM-A) uses the CM rating system. This system assesses staff sections (such as the offices headed by assistant or deputy ministers) and cross-functional areas (such as general staff offices) using six ratings:

- **CM-1A:** capable of autonomous operations
- **CM-1B:** capable of executing functions with coalition oversight only
- **CM-2A:** capable of executing functions with minimal coalition assistance
- **CM-2B:** can accomplish its mission but requires some coalition assistance
- **CM-3:** cannot accomplish its mission without significant coalition assistance
- **CM-4:** exists but cannot accomplish its mission

At the MoD, more than 20% of staff sections and cross-functional areas (9 of 44) had reached a rating of CM-2A as of this quarter, as shown in Figure 3.22 on the following page. Four staff sections improved, 40 staff sections and cross-functional areas were stable, and no staff sections regressed this quarter. NTM-A
noted that eight staff sections are projected to transition to CM-1B over the next two quarters.\textsuperscript{61}

At the MoI, nearly 15\% of staff sections had achieved a rating of CM-2A or higher. One staff section (Strategic Planning) reached that level this quarter. The others were Public Affairs (rated CM-1B), Policy Development (CM-2A), and Security Operations and Planning (CM-2A). Most staff sections were rated CM-3 (10 sections) or CM-2B (9 sections), as shown in Figure 3.22. Four were rated CM-4—the lowest rating. According to NTM-A, they included the staff sections that manage the Afghan Public Protection Force (APPF) and the Afghan Local Police (ALP).\textsuperscript{62}

SECURITY GOALS

In August 2011, the force strength of the ANSF was 305,198 (169,076 in the ANA; 136,122 in the ANP).\textsuperscript{63} In June 2011, the Joint Coordination and Monitoring Board (JCMB) approved an increase of the ANSF strength to 352,000—195,000 in the ANA and 157,000 in the ANP.\textsuperscript{64} Table 3.1 shows the progress in achieving strength goals since last quarter.

SECURITY HIGHLIGHTS

ISAF statistics showed that the number of attacks by insurgents in the summer of 2011 was lower than the number in the preceding summer. From June through August 2011, these attacks were down 17\% over the same period in 2010.\textsuperscript{65}
According to ISAF, 85% of civilian casualties during the first eight months of 2011 were caused by insurgents. ISAF also noted that IED activity—which it defines as executed attacks and attempted or potential attacks—was 25% higher in June through August 2011 compared with the same period in 2010; insurgent-initiated direct fire attacks decreased by 30%. Civilian casualties caused by ISAF had increased by 20% over the same period in 2010.

The average monthly number of all security incidents from January to August 2011, according to the UN Secretary-General, was up 39% over the same eight-month period in 2010. However, the data provided in the UN report differs in category and coverage from the data reported by ISAF. ISAF includes only attacks initiated by insurgent elements; the UN includes all incidents. For example, the UN includes a range of events—cache finds, arrests, assassinations, intimidation, and others—that ISAF does not include.

The number of suicide attacks reported by the UN Secretary-General in July 2011 was lower than the number reported in April; however, the monthly average was unchanged from the same period in 2010. This quarter, complex suicide attacks in urban centers included the following:

- an attack aimed at the provincial government in Uruzgan on July 28
- an attack on the British Council building in Kabul on August 19
- an attack on NATO headquarters and the U.S. Embassy Kabul on September 13

The UN Secretary-General noted that the focus of these attacks had shifted from southern Afghanistan to central Afghanistan.

### AFGHAN NATIONAL ARMY

As of September 30, 2011, the United States had appropriated approximately $24.2 billion, obligated $21.3 billion, and disbursed $19.0 billion of ASFF funds to build and sustain the ANA.

#### ANA Strength

On August 25, 2011, the ANA’s strength was 169,076—an increase of 1,039 since last quarter—according to CENTCOM. Of those personnel, 110,369 were present for duty; 29,431 were in training or awaiting assignment to authorized positions;
and 29,276 were either on leave or temporary duty, sick, or absent without leave (AWOL). As noted in previous SIGAR quarterly reports, troops who are assigned are not necessarily counted as present for duty. The JCMB set goals for the ANA to reach 171,600 personnel by October 2011 and 195,000 personnel by November 2012.

ANA Sustainment

As of September 30, 2011, the United States had appropriated approximately $7.8 billion, obligated $6.5 billion, and disbursed $5.7 billion of ASFF funds to sustain the ANA. These funds are used to provide logistical items (such as fuel), maintenance services, clothing, individual equipment, ammunition, and military salary payments and incentive programs. The Department of Defense (DoD) has requested more than $3.3 billion from the ASFF to sustain the ANA in FY 2012.

ANA Salary Payments

From 2008 through September 30, 2011, the United States had spent approximately $1.13 billion on ANA salaries, according to CENTCOM. This includes approximately $402.2 million for ANA salaries in FY 2011.

Payment of salaries begins when the ANA submits validated invoices or payment requests to the Ministry of Finance (MoF). The MoF holds all funds and pays ANA personnel, mainly through electronic funds transfer. U.S. funds for ANA salaries are transferred to the MoF from the DoD Defense Finance and Accounting Service (DFAS) by electronic funds transfer. As of September 30, 2011, approximately 3% of ANA soldiers still received their salaries in cash payments; however, the cash payroll is limited to new recruits in basic training who do not have bank accounts. To reduce the risk of fraud and make the payment process more efficient, the United States is preparing to launch a computerized payroll system.

ANA soldiers earn pay based on a set pay scale and incentives—including combat pay, explosives ordnance disposal pay, and Special Forces pay. The United States funds 72% of ANA salaries that can include incentive pay and funds 47% of those that do not include incentive pay.

### TABLE 3.2

<table>
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</tr>
</tbody>
</table>

Notes: Numbers affected by rounding; some equipment acquired through cross-leveling and some through the ASFF in pseudo-FMS purchases.

a. Quarters are for calendar year, not fiscal.

ANA Equipment and Transportation

As of September 30, 2011, the United States had appropriated approximately $9.0 billion, obligated $8.8 billion, and disbursed $8.8 billion of ASFF funds for ANA equipment and transportation. These funds purchase vehicles, aircraft, and weapons:

- vehicles: armored personnel carriers; high-mobility, multi-purpose wheeled vehicles (HMMWVs); tractors, etc.
- aircraft: helicopters, fixed-wing aircraft, etc.
- weapons: M16A2 rifles, M240B machine guns
- communications equipment: radios

As of September 30, 2011, the United States had spent approximately $7.5 billion to equip the ANA, according to CENTCOM. DoD has requested nearly $1.7 billion in ASFF for ANA equipment and transportation in FY 2012.

This quarter, according to CENTCOM, the ANA fielded 4,515 weapons (valued at $5.6 million), 942 vehicles ($36.8 million), and 2,432 pieces of communications equipment ($13.0 million). More than 66% of ANA equipment costs this quarter were for vehicles, as shown in Table 3.2. As of September 30, 2011, the Afghan Air Force inventory consisted of 61 aircraft:

- 33 Mi-17s (transport helicopters)
- 9 Mi-35s (attack helicopters)
- 13 C-27s (cargo planes)
- 6 CT-182T (four-person trainers)

Most of the equipment fielded by the ANA was acquired through cross-leveling or was funded by the United States through the ASFF in pseudo-FMS purchases.

Cross-leveling: the process of diverting materiel from one military element to meet the higher priority needs of another. Cross-leveling plans include specific reimbursement procedures.

Pseudo-FMS: an adaptation of the Foreign Military Sales (FMS) program, DoD’s government-to-government method for selling U.S. defense equipment, services, and training. Unlike traditional FMS, DoD primarily uses ASFF funds to purchase weapons to train and equip the ANSF. Like traditional FMS, pseudo-FMS procurements are overseen by the Defense Security Cooperation Agency.

ANA Infrastructure

As of September 30, 2011, the United States had appropriated approximately $5.3 billion, obligated $4.1 billion, and disbursed $2.7 billion of ASFF funds for ANA infrastructure. These funds support these key activities:

- building new or expanded facilities for training, Afghan Air Force, and force protection uses; as well as garrisons and storage depots
- converting coalition force installations for ANA use
- DoD has requested more than $1.3 billion in ASFF funds for ANA infrastructure in FY 2012.

This quarter, 21 ANA infrastructure projects were awarded (valued at $607.9 million), 111 were ongoing ($2,134.7 million), and 3 were completed ($58.1 million), according to CENTCOM. Of the newly awarded projects, those with the highest cost were ANA garrisons in Helmand (approximately $90.4 million) and Nimroz ($78.0 million) for the 215th Corps, and a Combat Arms School in Kandahar ($76.8 million). The two garrisons are scheduled for completion in February 2013, and the Combat Arms School is scheduled for completion in January 2012.

ANA Training and Operations

As of September 30, 2011, the United States had appropriated approximately $2.1 billion, obligated $1.8 billion, and disbursed $1.8 billion in ASFF funds for ANA operations and training. These funds were used to provide ANA and MoD personnel with training and train-the-trainer programs. Training subjects included leadership development, medicine, communications, intelligence, and air operations.

FIGURE 3.23

ANA TRAINING GRADUATES BY PROGRAM

Total Graduates: 26,186

- Basic Warrior Training: 14,095
- NCO Development: 3,822
- Other Training Programs: 4,959
- Infantry Specialty Training: 1,934
- Officer Development: 1,376

Other Training Programs: 4,959

- Literacy: 967
- Up-Armored HMMWV: 827
- Artillery: 507
- Engineering: 273
- Signals: 222
- Other*: 2,163

Notes: Graduates as of 9/30/2011. HMMWV = high-mobility, multi-purpose wheeled vehicle.

* Includes training on topics not specifically targeted to NCOs or officers.

Source: CENTCOM, response to SIGAR data call, 10/3/2011.
This quarter, 26,186 ANA personnel—about the same number as last quarter—graduated from training courses funded by the ASFF, according to CENTCOM. Of that number, 3,822 graduated from training and development courses for non-commissioned officers, and 1,376 graduated from courses for officers, as shown in Figure 3.23.

**ANA Literacy**

According to CENTCOM, 44% of the ANA’s non-officer personnel had achieved a literacy rating of grade 1 or higher from October 2009 to October 2011. This percentage is based on the number of personnel who had passed the grade 1 literacy test while serving in the ANA since October 2009; attrition was also considered. According to DoD, level 1 represents only a very elementary grasp of literacy (numbers, letters, and some simple words). NTM-A’s goal is for all ANA personnel to achieve a grade 3 rating by 2014. NTM-A has had a literacy training program for the ANA in place since 2009; as of September 30, 2011, some level of literacy training had been completed by 57,406 ANA personnel, 5,796 of whom reached the targeted grade 3 level. This quarter, 58,754 ANA personnel were enrolled in 2,339 literacy classes throughout Afghanistan.

To provide literacy training to both the ANA and the ANP, the United States funds three contracts—one awarded to a U.S. company and two to Afghan companies, according to CENTCOM. Together, the three contracts, which include a base year and four one-year options, are capped at $200 million. The contracts began in August 2010, and the first one-year options were exercised in August 2011. If all options are exercised, these contracts will end on July 31, 2015.

According to CENTCOM, three contractors are providing 1,695 literacy trainers to the ANA:

- OT Training Solutions (a U.S. company) is providing 742 trainers.
- Insight Group (an Afghan company) is providing 275 trainers.
- The Higher Education Institute of Karwan (an Afghan company) is providing 678 trainers.

**Women in the ANA**

As of September 30, 2011, approximately 320 women were serving in the ANA—215 officers, including 3 general officers, and 105 noncommissioned officers—according to CENTCOM. Approximately 75% of women officers were assigned to medical roles; 50% of women enlisted personnel were assigned to logistics roles. Women officers were also employed in intelligence, human resources, signals, finance, personnel, religious and cultural affairs, and aviation.

According to CENTCOM, the near-term recruiting target is based on developing suitable training facilities for women rather than on setting personnel requirements. NTM-A has engaged ANA leaders to set a goal of sending 60 women to Officer Candidate School, 60 women to the National Military Academy of Afghanistan, and 75 women to a fast-track Noncommissioned Officers Course from December 2011 through March 2012. In addition, NTM-A is funding a $1.4 million recruiting campaign to reach women throughout the country.
U.S. Support for the Ministry of Defense

As of September 30, 2011, NTM-A had 304 advisors and mentors assigned to the MoD:

- 171 U.S. military personnel
- 113 U.S. civilians (22 DoD personnel and 91 contractors)
- 17 coalition military personnel
- 3 coalition civilians

According to CENTCOM, NTM-A is developing a Master Ministerial Plan to strengthen five areas within the MoD:

- executive leadership and strategy
- support to operations
- personnel management
- national level logistics
- resource management

The plan is broadly based on the Defense Institution Reform Initiative’s global tool to build the institutional capacity of partner nations, according to CENTCOM.

AFGHAN NATIONAL POLICE

As of September 30, 2011, the United States had appropriated approximately $13.4 billion, obligated $11.9 billion, and disbursed $10.5 billion of ASFF funds to build and sustain the ANP. The ANP is responsible for maintaining internal security and enforcing the rule of law.

ANP Strength

This quarter, the total strength of the ANP was 136,122, according to the ISAF Joint Command (IJC). Of that number, 79,432 were assigned to the AUP; 20,852 were assigned to the ABP; and 12,673 were assigned to the ANCOP, as shown in Table 3.3. This quarter, the JCMB set a new goal for the ANP: to reach 157,000 personnel by November 2012.

<table>
<thead>
<tr>
<th>ANP FORCE STRENGTH, AUGUST 2011</th>
<th>Authorized (Tashkil)</th>
<th>Assigned to Tashkil Positions</th>
<th>Not Assigned to Tashkil Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANP (Total Strength: 136,122)</td>
<td>144,431a</td>
<td>129,971</td>
<td>6,151c</td>
</tr>
</tbody>
</table>

Breakdown By ANP Component

- **AUP**: 80,275
- **ABP**: 23,086
- **ANCOP**: 13,678
- **Other Units**: 27,392b

Notes:

- Includes personnel assigned to MoI headquarters, anti-crime, training, counter-narcotics, traffic, medical, intelligence, and fire units.
- Students enrolled in initial entry training programs.

Source: ISAF-IJC, ANP PERSTAT, 8/2011.
ANP Sustainment
As of September 30, 2011, the United States had appropriated approximately $4.0 billion, obligated $3.6 billion, and disbursed $3.3 billion of ASFF funds to sustain the ANP.\(^\text{108}\) These funds are used to provide logistical items (such as fuel), maintenance services, clothing, individual equipment, ammunition, and personnel salaries.\(^\text{109}\) DoD has requested more than $1.9 billion in ASFF funds to sustain the ANP in FY 2012.\(^\text{110}\)

ANP Salary Payments
According to CENTCOM, the United States pays 39% of ANP salaries. From 2008 through September 30, 2011, the United States had spent approximately $518.8 million on ANP salaries, according to CENTCOM.\(^\text{111}\)

U.S. funds for ANP salaries come from the ASFF (through its ANP sustainment program), and most are paid through the United Nations Development Programme’s Law and Order Trust Fund for Afghanistan (LOTFA). For FY 2012, DoD has requested nearly $220 million for ANP salaries through LOTFA.\(^\text{112}\) LOTFA funds are used to pay ANP personnel in tashkil (authorized) positions; ALP salaries and a pay incentive for ANCOP personnel are paid with funds from the ASFF that do not go through the LOTFA.\(^\text{113}\)

ANP Equipment and Transportation
As of September 30, 2011, the United States had appropriated approximately $3.7 billion, obligated $3.5 billion, and disbursed $3.5 billion of ASFF funds for equipment and transportation for the ANP.\(^\text{114}\) These funds are used to provide the ANP (including the ALP and APPF) with vehicles, weapons, and equipment:\(^\text{115}\)

- vehicles: light trucks, HMMWVs, fire trucks, etc.
- weapons: assault rifles, grenade launchers, machine guns, etc.
- equipment: medical, communications, and office equipment

This quarter, the ANP fielded 4,720 weapons (valued at $4.7 million), 408 vehicles ($47.5 million), and 2,358 pieces of communications equipment ($10.1 million).\(^\text{116}\)

More than 76% of ANP equipment costs were for vehicles, as shown in Table 3.4.

<table>
<thead>
<tr>
<th>ANP EQUIPMENT FIELDED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q2 2011</strong></td>
</tr>
<tr>
<td>Number</td>
</tr>
<tr>
<td>Weapons</td>
</tr>
<tr>
<td>Vehicles</td>
</tr>
<tr>
<td>Communications equipment</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Note: Numbers affected by rounding.
a. Quarters are for calendar year, not fiscal year.

Most of the equipment fielded by the ANP was acquired through cross-leveling or was funded by the United States through the ASFF in pseudo-FMS purchases.

As of September 30, 2011, the United States had spent more than $3.2 billion to equip the ANP, according to CENTCOM.\textsuperscript{117} For FY 2012, DoD has requested more than $1.5 billion in ASFF funds for ANP equipment and transportation.\textsuperscript{128}

**ANP Infrastructure**

As of September 30, 2011, the United States had appropriated approximately $3.1 billion, obligated $2.6 billion, and disbursed $1.6 billion of ASFF funds for ANP infrastructure.\textsuperscript{118} These funds support the building of new or expanded police headquarters and facilities, including border stations, ANCOP facilities, fire stations, and MoI administrative buildings.\textsuperscript{129} DoD has requested more than $1.1 billion in ASFF for ANP infrastructure in FY 2012.\textsuperscript{130}

This quarter, 55 ANP infrastructure projects were awarded (valued at $219.5 million), 168 were ongoing ($1,013.5 million), 16 were completed ($66.2 million), and 2 were terminated ($2.5 million), according to CENTCOM. The largest of the newly awarded projects was an $18.5 million ANCOP patrol station in Kandahar, which is scheduled to be completed in August 2012.\textsuperscript{132}

**ANP Training and Operations**

As of September 30, 2011, the United States had appropriated approximately $2.7 billion, obligated $2.2 billion, and disbursed $2.1 billion of ASFF funds for ANP training and operations.\textsuperscript{123} These funds support generalized, logistical, communications, intelligence, literacy, and other specialized training for ANP, MoI, and fire department personnel, criminal investigators, and the APPF. DoD has requested more than $1.1 billion in ASFF funds for ANP training and operations in FY 2012.\textsuperscript{134}

**Training Status**

This quarter, 8,911 ANP personnel graduated from 27 training programs, according to CENTCOM. Of that number, 3,923 graduated from AUP courses, 3,525 graduated from ANCOP courses, and 782 graduated from ABP courses; the others completed APPF training (208) or other specialized training programs (473).\textsuperscript{125}

During this reporting period, DynCorp International (DynCorp) and Xe Services provided contracted training and mentoring services to the ANP alongside U.S. and coalition partners, according to CENTCOM. DynCorp provided trainers, mentors, and support services at several ANP training sites. The current DynCorp contract runs from April 2011 through April 2013 and includes a one-year option. Xe Services provided mentors for the ABP; however, that contract ended on September 30, 2011. CENTCOM noted that there are no plans to write a new contract because there are enough U.S. and coalition trainers to meet training requirements.\textsuperscript{126}
Since August 2009, DoD has funded and directed U.S. efforts to train the ANP, having gradually assumed this responsibility from the Department of State (DoS). From 2003 through 2006, DoS had the primary responsibility for funding and managing ANP training efforts and awarded multiple task orders to DynCorp under the civilian police contract. In 2006, DoD assumed responsibility for funding the ANP training program through reimbursable agreements with DoS, which continued to manage and oversee the program. From November 2006 through December 2010, DoD transferred approximately $1.26 billion to the DoS Bureau of International Narcotics and Law Enforcement Affairs (INL) for training and mentoring of the ANP and the MoI.127

Training Support Oversight
This quarter, the DoD Office of Inspector General and the DoS Office of Inspector General released three joint audit reports that addressed requirements in the FY 2011 National Defense Authorization Act and focused on the ANP training program.128

One of the audits found that DoS had not appropriately obligated or returned to DoD approximately $172.4 million of DoD funds that had been provided for ANP training. In addition, the report noted that a DoS employee had approved contractor invoices of approximately $2.07 million that had not been authorized or were for services that had not been provided. The report identified a total potential monetary benefit of approximately $124.62 million in ASFF funds, which, when recovered, could be used for valid ANP training requirements.129

The second audit looked at plans to transition the administration of ANP and MoI training program contracts from DoS to DoD. In December 2010, the U.S. Army Contracting Command awarded DynCorp a contract to provide MoI and ANP training, mentoring services, and support. This contract replaced two DoS and two DoD task orders for ANP and MoI training and support. According to the audit report, DoD and DoS officials had not developed a comprehensive plan or memorandum of agreement for the transition of responsibility. In addition, at the time of transition, the incoming contractor did not have all of the required personnel in place, which placed the ANP and MoI training mission at risk.130

The third audit found that INL officials had improperly obligated an estimated $76.65 million of ASFF appropriations that DoD had provided to DoS in support of the ANP training program. These monies were not obligated for ANP training; they were obligated for two INL rule-of-law programs ($75.60 million) and an INL counter-narcotics program ($1.05 million). The report noted that if the $75.60 million is returned to DoD, those funds could be used to support ANP training.131

ANP Literacy
According to CENTCOM, 56% of ANP non-officer personnel had achieved a literacy rating of grade 1, as of September 30, 2011. This percentage is based on the number of personnel who had passed the grade 1 literacy test while serving in the ANP since October 2009; attrition was also considered. NTM-A's
goal is for all ANP personnel to be literate by 2014; however, CENTCOM noted that the ANP commander for training programs revised the date, pushing it to 2016. NTM-A has had a literacy training program for the ANP in place since 2009. As of September 30, 2011, some literacy training had been completed by 72,937 ANP personnel, 9,004 of whom had completed grade 3 level training. This quarter, 29,073 ANP personnel enrolled in 1,619 literacy classes throughout Afghanistan.132

As noted earlier, the United States funds three contracts—one awarded to a U.S. company and two to Afghan companies—to provide literacy training to the ANA and the ANP, according to CENTCOM. Together, the three contracts, which include a base year and four one-year options, are capped at $200 million. The contracts began in August 2010, and the first one-year options were exercised in August 2011. If all options are exercised, these contracts will end on July 31, 2015.133 According to CENTCOM, the contractors are providing 1,486 literacy trainers to the ANP:134

- OT Training Solutions (a U.S. company) is providing 401 trainers.
- Insight Group (Afghan) is providing 491 trainers.
- The Higher Education Institute of Karwan (Afghan) is providing 594 trainers.

**Women in the ANP**

According to CENTCOM, 1,204 women were serving in the ANP as of August 22, 2011—192 officers (up from 183 last quarter) and 1,012 enlisted personnel (up from 929). The goal for the ANP is to recruit 5,000 women by 2014. The MoI’s Gender and Human Rights Directorate is led by a woman who is also a brigadier general in the ANP. CENTCOM noted that NTM-A/CSTC-A and other international partners have provided advisors to support the directorate’s efforts to address gender issues.135

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

As of September 30, 2011, NTM-A had spent more than $367.3 million on the development of the MoI, according to CENTCOM. CENTCOM noted that 211 mentors and advisors were assigned to the MoI as of September 30, 2011. Of that number, 42 were civilian police advisors, 46 were military advisors, and 123 were contractors.136

NTM-A has budgeted an additional $396.3 million for future MoI development as part of a larger $1,189 million, two-year contract with a one-year option with DynCorp. The contract covers three mission areas, providing:137

- advisors to MoI staff, in conjunction with coalition forces
- training and base support services at ANP regional training centers
- support to IJC police mentor teams

In the effort to advise and mentor the MoI, NTM-A provides expert support to the MoI to develop the skills, systems, and education needed to effectively
run the ministry’s various sections. The ANP training and base support section provides mentors and trainers at ANP training locations across Afghanistan and provides basic support and security at some locations. The trainers and mentors work alongside coalition forces and Afghan partners to develop the Afghan training cadre and command at the regional training centers. The IJC portion of the contract provides law enforcement experts who embed with military units assigned to ANP elements. These mentors augment the military units with subject matter expertise to instill basic police skills in the fielded police force. Both NTM-A and IJC oversee the contract and are responsible for ensuring that the contract meets mission requirements. The DoD Defense Contract Management Agency also tracks those requirements to ensure that the contract is in compliance.

ANP Local Initiatives

The ALP is the MoI’s community watch program. It enables communities to protect themselves in areas that lack a significant ISAF or ANSF presence. Although called “police,” ALP members do not have arrest authority and are not included in the total ANP force strength, according to DoD. However, U.S. funding through the ASFF is used to pay for U.S. efforts to build, equip, train, and sustain the ALP. As of September 28, 2011, the ALP had 8,384 personnel, according to CENTCOM. The staffing goal is to have 30,000 members by 2014. To cover ALP salaries, CSTC-A had obligated $30.75 million of ASFF funds, as of September 30, 2011. ALP members are paid through one of two channels:

- Through the MoI pay process, in which ASFF funds are electronically transferred to the MoI and distributed at ALP sites.
- Through the Combined Forces Special Operations Component Command - Afghanistan and NTM-A/CSTC-A in cash payments, disbursed by U.S. forces.

In September 2011, the international non-governmental organization (NGO) Human Rights Watch released a report on human rights abuses connected to local militias and the ALP. The organization reported that in provinces where it had conducted investigations, there were “numerous complaints” about “criminal or insurgent elements being absorbed into the ALP.” Alleged human rights abuses by ALP members included illegal raids, as well as beatings, kidnappings, rapes, and killings. In addition, the organization noted that ALP members often have connections to government officials and local strongmen who can protect them from being held accountable.

USFOR-A is conducting an investigation to determine whether the allegations in the Human Rights Watch report are credible. The Combined Force Special Operations Component Command - Afghanistan observed that several witnesses in the report were anonymous and may be insurgents who oppose the ALP. It also noted that some locations in which ALP abuses were reported were not locations where the ALP operates.
PRIVATE SECURITY CONTRACTORS AND THE AFGHAN PUBLIC PROTECTION FORCE

This quarter, 15,305 private security contractor (PSC) personnel were working for DoD in Afghanistan, according to CENTCOM—nearly 20% fewer than last quarter.149 The number of Afghan PSC personnel fell by nearly 26%, as shown in Table 3.5.

By March 2012, the lead on private security is scheduled to pass from PSCs to the APPF, under the bridging strategy announced by the Afghan government in March 2011. According to the strategy, PSCs that the MoI has licensed to operate may continue to perform security services for diplomatic and ISAF missions and projects; however, PSCs that perform security services for development and humanitarian projects must be replaced by the APPF.150

According to DoD, President Karzai has agreed to allow some PSCs to exceed new limits on personnel if they are willing to recruit, train, and equip guards for the APPF.151 In addition, NTM-A and the U.S. Agency for International Development support the bridging strategy by assisting the APPF in building the capacity it needs to meet the security needs of ISAF and the international community.152 This quarter, 208 Afghans graduated from the APPF training program, according to CENTCOM.153

U.S. FORCES

According to USFOR-A, 107,068 U.S. forces were serving in the country as of September 30, 2011:154

- 76,821 to ISAF
- 3,122 to NTM-A/CSTC-A
- 16,715 to USFOR-A
- 10,410 to other assignments (unspecified)

TABLE 3.5

<table>
<thead>
<tr>
<th>PSC PERSONNEL WORKING FOR DoD IN AFGHANISTAN</th>
<th>As of 4/6/2011</th>
<th>As of 7/7/2011</th>
<th>3-Month Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. citizens</td>
<td>250</td>
<td>693</td>
<td>+443</td>
</tr>
<tr>
<td>Third-country nationals</td>
<td>732</td>
<td>1,282</td>
<td>+550</td>
</tr>
<tr>
<td>Afghan nationals</td>
<td>17,989</td>
<td>13,330</td>
<td>-4,659</td>
</tr>
<tr>
<td>Total</td>
<td>18,971</td>
<td>15,305</td>
<td>-3,666</td>
</tr>
</tbody>
</table>

REMOVING UNEXPLODED ORDNANCE

From 2002 through September 30, 2011, DoS had provided more than $212.6 million in funding for the Non-Proliferation, Anti-Terrorism, Demining, and Related programs in Afghanistan, according to the DoS Political-Military Affairs’ Office of Weapons Removal and Abatement (PM/WRA). DoS directly funds five Afghan NGOs, five international NGOs, and one U.S. company (DynCorp) to carry out sustained clearance operations and remove and mitigate abandoned and at-risk weapons. In addition, DoS assists the ANSF with the destruction of its excess, unserviceable, and at-risk weapons and ordnance. It also provides technical assistance for maintaining the physical security and managing the stockpile of ANSF weapons and ordnance. The PM/WRA noted that USFOR-A and CSTC-A personnel train and monitor the ANSF in the removal of mines and other explosive remnants of war through the Counter–Improvised Explosive Device Program and the ANA Engineer School in Mazar-e Sharif.

From July 1, 2010, to June 30, 2011, DoS-funded implementing partners had cleared 33.0 million square meters of contaminated land, according to the PM/WRA. That leaves an estimated 612.0 million square meters to clear, as shown in Table 3.6.

COUNTER-NARCOTICS

From 2002 to September 30, 2011, the United States had appropriated $5.3 billion for counter-narcotics initiatives in Afghanistan. Most of these funds were appropriated through two sources: the DoS International Narcotics Control and Law Enforcement (INCLE) account ($3.3 billion), and the DoD Drug Interdiction and Counter-Drug Activities (DoD CN) fund ($1.9 billion).

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**TABLE 3.6**

**CONVENTIONAL WEAPONS DESTRUCTION PROGRAM METRICS, JULY 1, 2010–JUNE 30, 2011**

<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 Area Remaining (m²)</th>
</tr>
</thead>
<tbody>
<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>10/1–12/31/2010</td>
<td>2,219</td>
<td>100,866</td>
<td>1,204,036</td>
<td>3,549,023</td>
<td>5,704,116</td>
<td>641,000,000</td>
</tr>
<tr>
<td>1/1–3/31/2011</td>
<td>2,171</td>
<td>55,005</td>
<td>80,156</td>
<td>5,899,573</td>
<td>11,405,068</td>
<td>627,000,000</td>
</tr>
<tr>
<td>4/1–6/30/2011</td>
<td>4,043</td>
<td>68,542</td>
<td>481,877</td>
<td>6,259,343</td>
<td>6,799,279</td>
<td>612,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,355</strong></td>
<td><strong>495,206</strong></td>
<td><strong>2,962,227</strong></td>
<td><strong>17,418,647</strong></td>
<td><strong>33,016,571</strong></td>
<td><strong>612,000,000</strong></td>
</tr>
</tbody>
</table>

Notes: AT/AP = anti-tank/anti-personnel ordnance. UXO = unexploded ordnance. SAA = small-arms ammunition.
DoD CN funds are used for many purposes. As of September 30, 2011, according to DoD, the largest amounts were for the following activities and initiatives:\textsuperscript{158}

- Air mobility outside the continental United States ($502.7 million): provides equipment, infrastructure, operations and maintenance, and training support for counter-narcotics missions in Afghanistan.
- Intelligence and technology ($394.5 million): provides analytical, equipment, and operations and maintenance support for the joint U.S./U.K. Inter-agency Operations Coordination Center, the Combined Joint Inter-agency Task Forces \textit{Shafafiyat} and Nexus, and the Judicial Wire Intercept Program.
- Counter-narcotics training for the ABP ($208.7 million): supports tactical training, mentors, and advisors for the ABP and the Customs Police.
- Training for the Counter-Narcotics Police of Afghanistan (CNPA) ($159.1 million): supports trainers, mentors, and advisors, and provides equipment, infrastructure, and operations and maintenance support for the CNPA and its specialized units.
- Other program support ($124.3 million): supports analysts and trainers, transportation, and operations and maintenance for various programs to support counter-narcotics programs in Afghanistan.
- Air mobility within the continental United States ($111.5 million): provides equipment, infrastructure, and operations and maintenance support to U.S.-based English language and flight training for MoI aviation personnel assigned to the ministry’s Air Interdiction Unit—a counter-narcotics unit that supports the ANP.

**Counter-Narcotics Highlights**

In October 2011, the UN Office on Drugs and Crime (UNODC) released its annual Afghanistan Opium Survey. In it, the UNODC estimated that 131,000 hectares were under opium poppy cultivation in 2011—a 7% increase in area over 2010. Most of that cultivation (95%) occurred in nine provinces in the south and west, including the most insecure provinces. The number of poppy-free provinces decreased from 20 in 2010 to 17 in 2011, as the situation regressed in one eastern and two northern provinces. Opium production for the year was estimated at 5,800 metric tons—a 61% increase in quantity over 2010, when opium yields were reduced by plant diseases.\textsuperscript{159}

From June 14 through September 28, 2011, GIRoA and U.S. forces conducted 176 interdiction operations that resulted in arrests and seizures of contraband, according to DoD. As in previous quarters, most interdiction activities were conducted in the south and southwest, where most of the opiates are grown, processed, and smuggled out of Afghanistan. The ANSF conducted fewer interdiction operations in the east and north than it did last quarter. All operations were focused on countering the insurgency-narcotics-corruption nexus—a term that
describes a symbiotic relationship that provides funding for insurgents, resources and protection for the illicit narcotics industry, and opportunities for corruption that, in turn, benefit both insurgents and the illicit narcotics industry.160

On July 23, 2011, U.S. and Afghan officials formally opened a regional counter-narcotics law enforcement center in Herat, according to the U.S. Army Corps of Engineers. The new center, which cost nearly $11 million to build, will be used by the CNPA. Its housing, dining, training, and administrative facilities can accommodate up to 150 Afghan forces and 20 coalition mentors.161

On August 10, 2011, the MoI’s Air Interdiction Unit completed its first integrated counter-narcotics operation with coalition air crews, according to NTM-A. The operation resulted in the destruction of an illegal drug lab and one ton of narcotics. The unit, which is mentored by the U.S. Army and the U.K. Royal Air Force, has 20 Mi-17 helicopters.162

During the 2011 eradication season, the Afghan government cleared 3,810 hectares of opium-producing fields through the Governor-Led Eradication program, according to INL, which supports the program. The UNODC verified these results by satellite.163 In addition, ISAF noted that a district governor in Kandahar made progress in countering marijuana production by destroying fields and providing farmers with seeds for wheat as an alternative crop.164

A large drug lab is destroyed by ANSF and coalition forces in Helmand province during a major counter-narcotics operation this quarter. The combined forces fought insurgents throughout the day and seized more than five tons of chemicals used to process heroin. (ISAF photo)
Interdiction Operations

In 2011, as of September 28, the ANSF had partnered with ISAF to conduct 432 narcotics interdiction operations, according to DoD. These operations included partnered patrols and cordon-and-search, detention, and over-watch operations; they resulted in 540 arrests and led to the seizure of the following narcotics contraband:\textsuperscript{165}

- 123,271 kg of hashish
- 59,661 kg of opium
- 15,809 kg of morphine
- 7,107 kg of heroin
- 97,665 kg of narcotics-related chemicals

This quarter, U.S. forces continued to provide transportation, intelligence, airlift, and quick reaction support for interdiction operations, and the U.S. Drug Enforcement Administration (DEA) continued to mentor specialized Afghan counter-narcotics units, DoD noted. In addition, the U.S. intelligence community continued to provide targeting and analytical support to Afghan law enforcement and military personnel at the strategic, operational, and tactical levels. The Combined Joint Interagency Task Forces \textit{Shafaiyat} and Nexus, in coordination with the Inter-agency Operations Coordination Center, also provided support to Afghan law enforcement and military personnel. All operations were coordinated with and received support from U.S. and coalition forces commanders on the ground.\textsuperscript{166}

On September 26, 2011, Afghan and coalition forces made the largest-ever narcotics seizure by combined forces. According to ISAF, the combined force uncovered three narcotics laboratories in Helmand containing drugs worth an estimated $350 million: approximately 1,815 gallons of morphine solution, 220 pounds of heroin, and 176 pounds of opium. The combined force also seized 26,543 pounds of chemicals and the equipment used to produce the drugs.\textsuperscript{167}

Counter-Narcotics Police of Afghanistan

The CNPA is a special force under the control of the MoI.\textsuperscript{168} According to INL, its total force strength is approximately 2,570 personnel:\textsuperscript{169}

- 538 serving in several specialized units
- 1,267 serving in Provincial CNPA units that fall under the control of provincial governors and provincial or district police chiefs
- approximately 765 assigned to the CNPA headquarters in Kabul.

INL supports increasing the authorized strength of the CNPA by 617 personnel to reach a force strength of 3,187.\textsuperscript{170}

According to DoD, 8 ISAF personnel, 6 NTM-A personnel, and 75 contractors are mentoring the CNPA. The nations involved include the United States, United
Kingdom, Canada, Jordan, and Australia. In FY 2011, several DoD programs have supported the CNPA, including the following:

- **National Interdiction Unit (NIU)/CNPA Training program**: provides support for the Tactical Operations Center, Counter-narcotics Training Academy, MoI Advisor Program, Counter-narcotics Polygraph Program, and Special Investigative Unit. These programs provide mentoring of key CNPA leaders, meet ongoing training requirements, and provide operational support to NIU teams. (FY 2011 funding: $47.2 million)

- **NIU/CNPA Equipment program**: supports the purchase of equipment needed for CNPA units and provincial forces. (FY 2011 funding: $6.0 million)

- **NIU/CNPA Facilities program**: constructs new CNPA facilities and maintains existing CNPA buildings throughout Afghanistan. (FY 2011 funding: $32.9 million)

- **NIU/CNPA Air Mobility (OCONUS) program**: provides support for the training and mentoring of the MoI’s Air Interdiction Unit. Funding is also used to equip, operate, and maintain 20 helicopters; provide U.S. contractor instructor pilots and maintenance support; and provide parts and equipment. (FY 2011 funding: $126.1 million)

- **NIU/CNPA Air Mobility (CONUS) program**: provides training in specialty and management skills for Air Interdiction Unit members in DoD professional development schools in the United States. (FY 2011 funding: $14.3 million)

The DEA also provides mentoring—conducted by a DEA special agent and 20 contractor trainers—for the 538 members of the CNPA’s specialized units, INL noted. INL provides a contract mentoring staff of six: two assigned to each of the Regional Law Enforcement Centers in Herat and Kunduz, and two in Kabul. INL also provides a contract logistics mentor to the CNPA headquarters in Kabul to support operations and maintenance.

Since spring 2011, when the Provincial CNPA units met their strength goals, the DEA has been placing more emphasis on training them, according to INL. INL noted that CENTCOM provides most of the mentoring of the Provincial CNPA that is conducted at the CNPA headquarters. (A contingent of the Provincial CNPA is assigned to permanent duty at the Counter-Narcotics Training Academy in Kabul.) UNODC personnel provide periodic training on technical subjects.

The Provincial CNPA units under the control of the governors are not assigned mentors, except in Helmand where they are mentored by the U.K. Provincial Reconstruction Team, according to INL. INL is pursuing options for providing mentoring, based on successes reported by the U.K. Provincial Reconstruction Team.
As of September 30, 2011, the United States had provided nearly $19.3 billion to support governance and development in Afghanistan, as shown in Appendix B. This quarter, U.S.-funded programs continued to address persistent problems related to corruption, public administration capacity building, local governance, rule of law, and foreign affairs.

Efforts to enhance government in Afghanistan were undermined this quarter by targeted assassinations of government officials and peace negotiators, an inability to prosecute corruption cases, and internal political tensions. However, some progress was made in reintegration, capacity building, and governmental control of insecure provinces. This section provides details on these developments as well as updates on the progress of U.S. programs that focus on governance.

KEY EVENTS
Political tensions between the branches of the Afghan government continued this quarter. Although President Hamid Karzai announced a resolution to the continuing dispute over the 2010 elections, it did not quell internal disputes on the matter within the government.

In addition, the personal security of government officials remained a concern. Several assassinations of high-profile government officials threatened to derail the peace process and create instability in key government posts.

Special Tribunal and Wolesi Jirga Controversies
This quarter, the year-long fallout continued from the 2010 elections for the Wolesi Jirga, the lower house of the National Assembly. According to the United Nations (UN) Secretary-General, the dispute over the results and their final arbiter was a “source and symptom” of the tensions between the branches of the Government of the Islamic Republic of Afghanistan (GIRoA).176

On August 10, 2011, President Karzai decreed that the Special Tribunal he appointed in December 2010 to review complaints of election fraud did not have the power to decide the makeup of the Wolesi Jirga. That left the Independent Election Commission (IEC) as the sole arbiter to resolve the impasse over results for 62 of the 249 seats, according to a North Atlantic Treaty Organization (NATO) publication.177 On August 21, 2011, the IEC announced that nine sitting members would be removed from office and replaced with nine candidates...
whose election wins had previously been disqualified. Although in previous quarters the Department of State (DoS) had noted its concern about the legality and actions of the Tribunal, it stated this quarter that Karzai’s decree appeared to be consistent with the Afghan Constitution and upheld the electoral institution’s independence. The United Nations Assistance Mission in Afghanistan (UNAMA) approved of Karzai’s decision.

After the IEC’s announcement of its decision on the disputed seats, members of the Wolesi Jirga’s “Rule of Law” coalition of about 60 legislators boycotted the Lower House and prevented the formation of a quorum to conduct legislative business. As of September 30, 2011, support for the boycott was waning, but the Wolesi Jirga still lacked the 125 members needed for a quorum.

Rabbani Assassination
On September 20, 2011, the chairman of the High Peace Council, former Afghan President Burhanuddin Rabbani, was killed by an insurgent who had feigned interest in conducting reconciliation talks. The head of the Joint Secretariat of the Afghanistan Peace and Reintegration Program (APRP) was also wounded in the attack. Immediately after the attack, the U.S. Ambassador noted that the murder of a statesman who sought peace raised very serious questions about whether the Taliban and their supporters have any real interest in reconciliation.

UN Sanctions List
On July 15, 2011, the UN Security Council removed 14 people from the Taliban-only sanctions list that it created in June 2011. According to the U.K. Foreign and Commonwealth Office, 5 of the 14 are working with the High Peace Council to move the reconciliation process forward. The Office noted that the removal of those names was a clear signal of the international community’s support for reconciliation and the participation of Afghans who are prepared to work for peace. The UN also added the Pakistani group Tehrik-e Taliban to the al-Qaeda–only sanctions list created last quarter.

RECONCILIATION AND REINTEGRATION
Reconciliation and reintegration of former insurgents remained a focus of U.S. and GIRQA efforts this quarter. This section provides an update on the main actors and programs involved in these efforts and provides details about issues reintegrees face.

High Peace Council Actions
This quarter, before the assassination of Rabbani, the High Peace Council continued its efforts to heighten national and international awareness of the APRP. In Afghanistan, the Council held meetings with national and local government officials, members of the National Assembly, university professors and academics, and the Ministry of Women’s Affairs. Council members travelled to Paktika and Paktiya...

“The face of the peace initiative has been attacked. This is another outrageous indicator that, regardless of what Taliban leadership outside the country say, they do not want peace, but rather war.”

—Gen. John R. Allen, Commander of ISAF

The High Peace Council’s $2.8 million budget is funded through the Reintegration Finance Mechanism, a joint instrument by which the GIRQA and donor countries disburse funds to provincial administrators. The ISAF Force Reintegration Cell provides support to the Council. As of September 30, 2011, the United States had also provided $670,000 through the Afghanistan Reintegration Program for the Council’s security and its outreach efforts.

to inaugurate the two provinces’ Peace Councils. They also traveled to Germany, Indonesia, and India to engage those nations in the reconciliation and reintegration process. In addition, the Council participated in a joint commission on peace that was held in Pakistan. According to DoS, the Council’s efforts have contributed to an acceleration in the pace of former insurgents seeking to reinte
gate.185

Afghanistan Peace and Reintegration Program Progress
This quarter, the Afghanistan Peace and Reintegration Program continued to show more progress in promoting reintegration than its creators originally expected, according to DoS, but issues remained. As of September 30, 2011, more than 2,400 men had joined the APRP in 20 provinces, according to the ISAF Force Reintegration Cell.186 The program, which began in September 2010, had originally aimed for about 1,000 reintegrees and eight active provincial structures in its first year.187 Although media reports have questioned overall reintegration figures, the U.S. government has high confidence that the numbers are accurate, according to DoS. Both the APRP Joint Secretariat and the ISAF Force Reintegration Cell monitor the number of reintegrees, which has been increasing every quarter since the program’s inception, as shown in Figure 3.24.188

Overall, reintegration continues to lag in the south and east: about two-thirds of reintegrees have come from the north and west.189 However, DoS noted that reintegration is accelerating in the eastern provinces of Laghman, Nangarhar, and Logar. DoS also noted increasing levels of interest in the program in southern Afghanistan, particularly in Uruzgan.190 It stated that overall, as of September 30, 2011, the APRP was on track and meeting its goals.191

Although the Afghan government continues to face challenges in implementing reintegration in Kandahar, there are initiatives aimed at overcoming them. A lack of staff capacity at the Provincial Joint Secretariat and an insufficient understanding of the financial process have slowed reintegration, according to DoS.192 To address these issues, GIRoA officials from southern Afghanistan gathered in Kandahar for an APRP conference on September 12–13, 2011. Discussions centered on synchronizing reintegration, security, and development efforts to accelerate the reintegration process in the south.193

Reintegration events in the violence-ridden southern provinces have received less publicity because of intimidation and security threats. The ISAF Force Reintegration Cell estimated that in central Helmand 200 to 300 insurgents had reintegrated, as of this quarter.194 As security gains in Helmand solidify, the provincial governor is attempting to capitalize on them by promoting reintegration.195

This quarter, connections were established between national reintegration bodies and their Helmand counterparts, and the central government began training the Helmand Joint Secretariat in the reintegration process, according to DoS.196 The first demobilization of former insurgents in Helmand took place in August 2011, according to the ISAF Force Reintegration Cell, which noted that patience in the effort is important, because forcing the pace could greatly reduce confidence in the process.197 DoS stated that the provincial government

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Afghanistan Peace and Reintegration Program: the Afghan government’s main program for promoting and managing the actual reintegration of insurgents. It provides a way for Taliban members and other anti-government elements to renounce violence, reinte
grate, and become productive members of Afghan society. The program also attempts to link peace with development opportunities to enhance the attractiveness of the program. It is administered through a Joint Secretariat, an inter-agency body that has representation from ISAF.

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Note: Numbers affected by rounding.
continues to rely on the U.S. Afghanistan Reintegration Program (ARP), but funding through Afghan channels had begun to be received and spent locally.\(^{198}\)

**Capacity Development for Reintegration**

This quarter, the Afghan government continued to put in place the organization, policies, and procedures needed for reintegration to be successful. Five Provincial Joint Secretariat Teams were created, according to DoS, bringing the total to 25.\(^{199}\) DoS noted that the disbursement of reintegration funds at the provincial level continues to need improvement, particularly in establishing provincial accounts and training the Provincial Joint Secretariat Teams in their use. Nevertheless, funding is available to many provinces, and no funding shortfalls have affected reintegration operations.\(^{200}\)

As of September 30, 2011, reintegration funding accounts were in place in all but the four provinces that lack banking facilities; pay agents serviced those four provinces, according to DoS. Local governments in 22 provinces had received funding for their reintegration operating budgets. DoS stated that all provinces that have banking facilities should have reintegration operating budgets by the end of 2011. In addition, the APRP Joint Secretariat is in the process of adding additional accounts so that the program’s four funding streams—float account, transitional assistance, small grants, and operational funds—can be tracked and reconciled more easily.\(^{201}\)

**Reintegrees**

Those insurgents who have reintegrated into Afghan society, most of whom are not key members of the insurgency, have concerns about their security from retaliation and their future participation in the Afghan economy and society.

**Background and Motivation of Reintegrees**

According to the ISAF Force Reintegration Cell, the overwhelming majority of reintegrees have been low-level fighters, including some who have reintegrated informally without going through the APRP.\(^{202}\) This quarter, however, the pace of reintegration for insurgents at higher levels quickened.\(^{203}\) According to DoS, ideology motivates only a fraction of insurgents—most fight because of legitimate grievances that can be addressed.\(^{204}\) The ISAF Force Reintegration Cell noted though that this quarter ISAF and the APRP began exploring negotiations with some of the most radical elements of the Taliban.\(^{205}\)

**Safety of Reintegrees Post-Reintegration**

The level of security in a community is one of the biggest factors affecting the pace of reintegration, according to the ISAF Force Reintegration Cell. Because the Taliban sees reintegration as a significant threat, it has targeted individuals involved in the APRP. Before agreeing to reintegrate, potential reintegrees look for assurances about their security and about protection from harassment and retribution. Despite violence directed toward APRP participants, intimidation has not caused participating communities to turn back toward the insurgency.

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**Afghanistan Reintegration Program:** a DoS program that supports the APRP by assisting in the reintegration of detainees into their communities and by providing secure housing for ex-combatants.


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The United States and 10 other countries have pledged more than $230 million to the APRP. As of September 30, 2011, about $150 million of those funds had been disbursed to the Afghan government through three financial “windows” for distributing funds for reintegration.

Source: DoS, response to SIGAR data call, 10/6/2011.
according to the ISAF Force Reintegration Cell. DoS noted that many provincial leaders have created safe houses or obtained the support of local security forces to provide protection to reintegrees. And although violence against reintegrees remains an issue, insurgents had carried out only one complex attack on reintegrees since the APRP’s inception, as of October 2011, according to DoS. The APRP has increasingly taken part in ensuring that provincial government security bodies and ISAF forces work in concert to provide security for reintegrees.

In addition to wanting protection from the Taliban, reintegrees need assurances that they will not be arrested by coalition forces. The ISAF Force Reintegration Cell noted that it was using multiple registration processes to remove reintegrees from military lists of insurgent targets.

**Economic Opportunities for Reintegrees**

Transition assistance is becoming available to reintegrees in the APRP, according to DoS. As of September 30, 2011, about 350 reintegrees had enrolled in community recovery—the third phase of reintegration. DoS expected that number to increase as more provinces initiate small grants programs and ministerial reintegration project plans are carried out. Vocational training and other community recovery programs were also gradually beginning.

**NATIONAL AND SUB-NATIONAL GOVERNANCE**

This quarter, insurgents continued their campaign of targeted assassinations. In July and August 2011, insurgents killed 182 high-ranking government officials, influential local and religious leaders, and members of security forces, according to the UN Secretary-General. Included in these casualties were the head of the Kandahar Provincial Council—President Karzai’s half-brother, Ahmad Wali Karzai; a senior advisor to President Karzai; the head of the Kandahar Ulema Shura (Council of Islamic Scholars); and the mayor of Kandahar City. The victims’ power and close ties to Kabul raised concerns about political stability in the south, according to the UN Secretary-General.

The full effect of these assassinations on governance is not clear. According to DoS, Karzai’s half-brother was the acknowledged power broker in Kandahar; however, his death had not resulted in any noticeable change in the political status quo, as of September 30, 2011. Kandahar’s governor said that he feels isolated as a result of his political allies’ assassinations, but he remained in office despite widespread predictions that he would resign. DoS noted that the districts in Kandahar with effective governors have continued to perform well. The assassinations provoked fear in some civil servants and officials that prompted some to resign; however, others became more determined to carry out their duties, according to DoS.

**Wolesi Jirga**

This quarter, although the continued political tensions about the Wolesi Jirga seats curtailed much of the business of the National Assembly, three bills were passed: the Law on Forests, the Afghan National Army Personnel Affairs Law,
and the Extradition Law. The National Assembly also exercised its oversight function this quarter. According to the UN Secretary-General, the Wolesi Jirga summoned various ministers to discuss cross-border incidents in Kunar. It also summoned the Minister of Foreign Affairs and the National Security Advisor to provide updates on the Afghan government’s strategic partnership discussions with the United States. The Meshrano Jirga (Upper House of the National Assembly) also questioned senior officials, including members of the National Disaster Management Authority, about provisions for flood and drought victims, and the Minister of Interior about the security situation. As of September 21, 2011, the executive branch had not announced any nominees for open senior appointments, including cabinet ministers and Supreme Court justices. Legislators protested the inaction, according to the UN Secretary-General.\textsuperscript{213}

**USAID’s Foreign Affairs Institutional Reform Program**

The U.S. Agency for International Development’s (USAID) Foreign Affairs Institutional Reform (FAIR) program is intended to improve the capacity of the Ministry of Foreign Affairs (MoFA) to formulate and administer foreign affairs policy. According to USAID, the program should completely expend its $4 million of funding by October 31, 2011.\textsuperscript{214} The agency identified a number of ways that FAIR has helped improve the MoFA’s institutional capacity:\textsuperscript{215}

- A three-year master plan was created for the MoFA.
- A five-year training strategy was developed for the MoFA’s Institute of Diplomacy.
- Curricula, training modules, and materials were produced for the MoFA’s language teachers to support English-language training for MoFA diplomats.
- A foreign service orientation program was developed for newly hired diplomats.
- Training in research and policy analysis was provided to the staff of the MoFA’s Center for Strategic Studies.
- Training on financial management procurement, inventory, and other management subjects was given to officers in the MoFA’s Administrative Department.
- Information technology improvements were made to the MoFA’s network infrastructure, equipment, and training.

Delays in staffing and insufficient personnel experience are the greatest challenges to the implementation of the FAIR program, according to USAID. For example, the program’s Chief of Party and the coordinator of one of its main components had no prior experience in managing USAID-funded projects. In addition, due diligence procedures to ensure that the program met contractual standards delayed USAID approvals of information technology activities.\textsuperscript{216}

**Provincial and District Governance**

The level of governmental control and effectiveness continued to fluctuate in southern and eastern Afghanistan this quarter. The government has typically had
more success establishing control in urban regions than in more remote areas and regions bordering Pakistan. The United States and its coalition partners continued to support local governance through Provincial Reconstruction Teams (PRTs) and District Support Teams (DSTs).

**Helmand Province**
Government representation in Helmand continued to improve this quarter. As of August 31, 2011, district governors had been installed in 12 of Helmand’s 14 districts, according to the U.K. Foreign and Commonwealth Office. In the provincial capital, Lashkar Gah, 26 line ministries were represented. In August 2011, two new district development plans were created, for Sangin and Musa Qala. In addition, all of the key central districts had functioning councils, including six district community councils, an interim municipal council in Lashkar Gah, and an interim district council in Sangin. Also in August, the U.K. Foreign and Commonwealth Office stated that it intends to establish community councils in Nowzad and Khan-e-Shin in 2011 or 2012. It noted that the safety of Afghan government officials remained a challenge. In August 2011, two district community council members in Gereshk and Nawa and a prosecutor in Gereshk were assassinated.

**Eastern Afghanistan**
Governmental control in eastern Afghanistan (Figure 3.25) remained steady since last quarter. In Paktika, the Afghan government continued to maintain moderate control, according to DoS. In some districts there had been improvements in security, access to education, health care, and road quality; however, remote districts had very limited interaction with the central government. In many districts, insurgent shadow governments continued to compete effectively with the national government for authority by providing their own justice systems.

Among other efforts, the Paktika PRT partners with local governmental officials to improve their capacity in processes such as the delivery of medical and educational services. This quarter, DoS noted that the PRT continued to focus much of its efforts on preparing Afghan officials to assume responsibility for delivering services and securing support for projects from the central government. In doing so, the PRT aids Paktika officials in developing priorities, writing proposals, and advocating for funding from Kabul.

In Khowst, the Afghan government controls Khowst City and nearby built-up areas—mostly along the Gardez–Khowst–Ghulam Khan road corridor, and the outlying district of Jaji Maidan. Control is more limited in the rural districts of Spera, Musa Khel, Qalandar, Bak, and Sabari, according to DoS. This quarter, the Khowst PRT and DST met frequently with GIRoA officials to advise on and coordinate a number of issues and U.S.-funded activities, and to engage in numerous construction projects in response to GIRoA needs in the province.

In Nangarhar, the government continued to exert moderate control of districts along the central highway from the Khyber Pass through Jalalabad and on to Kabul. Although crime remained a significant problem, government service
delivery and community confidence in the national government had grown noticeably in the four districts that receive funds through the District Delivery Program (DDP)—Beshud, Roday, Surkh Rod, and Shinwar—according to DoS. The PRT has been mentoring provincial line directors on how best to create a five-year provincial development plan that accounts for project costs and operations and maintenance funds, according to DoS. However, in the southeastern Shinwari tribal region of Achin, Nazyan, and Dur Baba, instability and crime increased greatly over the past year; the continuing destabilizing effects of a large-scale tribal dispute caused much of the region’s problems. DoS noted that governmental control remained tenuous in the mountainous regions bordering Pakistan.

In Paktiya, the Afghan government continued to have its greatest influence in and around the population centers. Its presence and capacity were noticeably lower in Paktiya’s more rural and remote areas, according to DoS, which noted that it expected the expansion of the APRP and the DDP into key districts to expand government influence and improve local support. The PRT’s work in strengthening capacity at the provincial and district levels—through the Provincial Budgeting Pilot Program, the APRP, and the DDP—should also strengthen the government’s presence and effectiveness.

**PRTs and DSTs**

Early in 2011, President Karzai said that PRTs must be dismantled as the Afghan government takes over responsibility for the country in the transition process. As of September 30, 2011, DoS was reviewing the composition of the U.S. civilian
presence, and no decision had been made on the disposition of PRTs. The review was conducted to ensure that the U.S. presence reflects the U.S. goals and mission and aligns with the two nations’ strategic partnership. U.S.-led PRTs operate in 12 provinces, most of them in the east and south of the country, as shown in Figure 3.26; 12 coalition partners lead the other 14 PRTs. DoS noted that PRTs and DSTs focus primarily on building government capacity.229

Public Administration Development
As of September 18, 2011, 60% of civil servant positions were filled in the 14 most insecure provinces, according to USAID. Southern and eastern provinces faced the most difficulties in staffing, as shown in Figure 3.27. This is an improvement from April 2011, when 50% of positions were filled. Lack of security and candidates’ lack of experience and education continued to pose challenges in filling local positions. To overcome these challenges, USAID supports local and regional recruiters in running job fairs. Training is taking place at provincial-level offices so that new civil servants can be trained promptly in their job roles. In addition, qualification standards are being amended to ensure that more Afghans are able to apply to civil service positions.230

According to USAID, the implementation by the United States and the Afghan government of the Insecure Provinces Recruitment Strategy helped fill 1,565 tashkil positions from April 1 to September 30, 2011—more than expected. The strategy is intended to boost Afghan government service delivery. Gains were concentrated in provinces that held job fairs.231

USAID noted that the Afghan government was beginning to implement pay and grading reforms that address the relatively low salaries for some skilled positions. The Civil Service Commission was becoming more responsive to issues associated with the timeliness of salary payments. In addition, to encourage the promotion and retention of women, the commission was planning to establish a professional development center for female civil servants.232

Afghanistan Civil Service Support Program
As of September 30, 2011, USAID’s Afghanistan Civil Service Support (ACSS) program had obligated $229 million, $219 million of which had been disbursed. The program contract was scheduled to end on October 31, 2011, but a no-cost extension was being negotiated.233

The ACSS continued to face a number of challenges this quarter, including security, difficulty recruiting women, and a lack of adequate infrastructure in some provinces.234 USAID noted that despite these challenges, the ACSS had aided in a number of successes:235

• The Ministry of Communications, Information, and Technology, and the Ministry of Agriculture, Irrigation, and Livestock have instituted performance appraisal systems.
The ACSS program is designed to reform and train the civil service. The program works through the Independent Administrative Reform and Civil Service Commission to improve the capacity of civil servants to modernize, institutionalize, and harmonize common administrative systems across ministries, and to create a system for civil service training.


Afghan Municipalities Program for Urban Populations and Kabul City Initiative

USAID provides technical assistance and capacity building to help municipalities improve their management capacity; service delivery; and capacity to enable, support, and sustain economic growth through two programs: the Afghan Municipalities Program for Urban Populations (RAMP UP) and the Kabul City Initiative (KCI). As of September 15, 2011, USAID had expended more than $82.4 million through the Economic Support Fund for RAMP UP. As of September 30, USAID had expended more than $12.2 million for the KCI; it expected to expend an additional $2 million by October 31, 2011.

RAMP UP and KCI activities address a variety of public works and services: park renovation and building of irrigation systems for parks and medians; installation of public latrines; trash removal, solid waste collection, and landfill expansion; street asphalting and procurement of traffic signs; basic census and public perception surveys; and communication and outreach to the public.

RAMP UP has completed plans to improve municipal management in most of the cities where it operates, according to USAID. Municipal officials and citizens have been involved in planning and implementing program projects. USAID noted that several municipalities have functioning accounting systems and citizen forums that meet regularly. In addition, tax collection has increased substantially.

USAID noted that the KCI faces a number of challenges:

- Reduced funding for governance programs: KCI funds were reduced by more than 60% this quarter. According to USAID, funding constraints have led Afghan municipal counterparts and USAID’s implementing partners to lose confidence in USAID’s municipal programs.
- Acquisition and contracting delays: Cumbersome USAID Office of Acquisition and Assistance procedures and significant delays resulting from counter-terrorism vetting of vendors and contracts caused some bid offers to expire before approval.
- Security: The security situation in Kabul hampers program operations.
To gain direct funding or in-kind services, the KCI has attempted to forge more partnerships with other agencies, donors, and groups. USAID noted that the KCI is also seeking more cross-functional departmental cooperation with other USAID agencies in the Kabul mission to maximize output and service delivery where resources are scarce. This quarter, USAID had discussions with Afghan officials about the reduced funding and the consequent need to prioritize projects.\textsuperscript{241}

**Performance-Based Governors’ Fund**

As of September 30, 2011, the Performance-Based Governors’ Fund had a contract end-date of October 31, 2011. However, because the congressional hold on FY 2011 funds has been lifted, the program is expected to receive approval to continue, pending the USAID Administrator’s approval.\textsuperscript{242} The fund is intended to increase the ability of governors to manage key functions of their offices and extend community outreach programs.\textsuperscript{243}

**JUDICIAL REFORM AND RULE OF LAW**

In July 2011, the draft plan for the Afghan National Priority Program on law and justice was released. When final, the program is expected to become the reform strategy for the justice sector for the next three years, according to the UN Secretary-General, who noted that it will place considerable emphasis on extending the reach of the formal justice system. The Afghan government has improved its abilities to provide legal aid, hold public trials, and use evidence to reach convictions; however, the Secretary-General noted that issues such as security continue to hamper the justice system.\textsuperscript{244}

**Supreme Court**

The Supreme Court continued to operate at a base level in performing its core duties in the judiciary, according to DoS. DoS noted that a computerized case management system (CMS) was being implemented across judicial agencies this quarter. The existing paper system, which is being maintained during the transition, shows that the justice system is functioning: the courts continue to hear cases and hand down decisions. As of October 4, 2011, the courts alone had submitted 517 CMS forms to track ongoing cases.\textsuperscript{245}

Despite these challenges, activities and mentoring provided through the U.S.-funded Justice Sector Support Program (JSSP) have begun to enable DoS to better measure the court’s functionality. DoS noted that a computerized case management system (CMS) was being implemented across judicial agencies this quarter. The existing paper system, which is being maintained during the transition, shows that the justice system is functioning: the courts continue to hear cases and hand down decisions. As of October 4, 2011, the courts alone had submitted 517 CMS forms to track ongoing cases.\textsuperscript{246}
U.S. Justice Sector Support Program

The new CMS was developed by the JSSP with the Afghan government and the Corrections System Support Program (CSSP) of the U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL). It is intended to strengthen criminal case information-sharing between justice sector institutions and greatly increase the speed at which information can be accessed.247

As of September 30, 2011, various judicial agencies—including the courts—had filed 3,694 CMS paper forms.248 According to INL, the JSSP will work with its GIRoA counterparts to establish 19 CMS offices in 7 key ministries and agencies in Kabul. In the interim, the Afghan government continued to process paper CMS forms for criminal case records.249

In addition to the implementation of the CMS, the JSSP supports training provided through the Focused District Development–Law program, which addresses district-level corruption issues. This quarter, 169 Afghan police, prosecutors, judges, and defense attorneys across the country graduated from the training.250 The JSSP continued to provide training to Afghan judicial professionals on a variety of topics:251

- the Afghan law’s stance on the discretionary crime of running away
- the Eliminating Violence Against Women (EVAW) law
- forced marriage
- sources and interpretation of criminal law
- implementation of the juvenile code

As of September 21, 2011, the JSSP staff roster was 83% filled, according to INL. Its 287 employees included American, third-country national, and Afghan legal advisors.252

U.S. Support for Rule of Law

This quarter, DoS and the MoFA signed partnership agreements that allocated $268 million for joint programs for rule of law, counter-narcotics, and law enforcement. The funds are intended to advance governance by improving judicial capacity and enhancing the rule of law, according to DoS. They are intended to improve security by curtailing the narcotics trade, the profits of which are often used to finance terrorist and criminal activities. U.S. funds will complement Afghan government funding to support and expand collaborative programs.253

DoS noted that cooperation between the United States and the Afghan government had resulted in the placement of female police mentors in 30 family response units in 10 provinces, as of September 2011. These units offer a safe place for women and families to report crimes and obtain mediation services.254

In other developments, the U.S. Embassy Kabul noted that the CSSP and the Central Prison Directorate had provided training for more than 90% of Afghan prison personnel and alleviated overcrowding in 13 provincial prisons, as of September 2011.255
Rule of Law and Stabilization Programs

USAID’s Rule of Law and Stabilization Formal program (RLS-F), which is in an option year, will end in June 2012. As of September 30, 2011, USAID had obligated more than $23.6 million for the RLS-F; it expected that the program will cost nearly $33.8 million.\(^{256}\)

USAID’s Rule of Law and Stabilization Informal program (RLS-I) officially ended in September 2011. The program had an estimated cost of more than $14.48 million. This quarter, USAID awarded a follow-on program to run from September 2011 to July 2012; its estimated cost is $11 million. USAID noted that the follow-on program will expand the program from 15 to 27 districts.\(^{257}\)

As a result of ongoing instability in Afghanistan, the formal justice system has gradually deteriorated, according to USAID; however, the centuries-old informal system has remained an important avenue for justice. There are no widespread standards for informal justice: the elders who manage the informal process have little or no formal law training or interaction with the state or formal sector.\(^{258}\)

To bridge the gap between the informal and formal systems, the agency sponsored 245 events for more than 10,000 participants from October 2010 to July 2011. Events included workshops with university professors of Afghan and Islamic law, discussion groups, and networking meetings of groups of elders to encourage partnerships in dispute resolution.\(^{259}\) USAID noted that a survey of elders in Arghandab district in Kandahar showed that these events have contributed to building trust between the government and communities. Respondents said that a stronger relationship between the formal and informal justice systems had developed in the six-month period from February to July 2011. According to the agency, elders have gained a better understanding of the law and are more willing to send civil cases to the courts. In return, courts have been sending more dispute cases to the elders.\(^{260}\)

Afghan universities are still challenged by limited teaching capacity, poor infrastructure, lack of security, and constrained financial resources. However, according to USAID, the country’s law schools made achievements in 2011 that will improve the legal education of professors and students and increase the caliber of legal services.\(^{261}\) To assist in legal education, USAID works to make legal education more practical and effective.\(^{262}\) Among other efforts, the agency pointed to the publication of legal textbooks and journals that will be resources for professors and law students, and the launch of legal clinics that will give students practical training.\(^{263}\) RLS-F’s support to the Supreme Court has resulted in a significant increase in the number of judges—especially women judges—enrolled in the Court’s two-year in-service training program.\(^{264}\)

Access to the Legal System

This quarter, a $200,000 justice center was opened in Nawa district in Helmand, according to a U.S. Marines Corps publication. The center has a courtroom with viewing space, a consultation room, and office space for judges, lawyers, and mediators. Before the center opened, trials were held in temporary facilities that did not allow citizens to witness court proceedings.\(^{265}\)
Prison and Detention Center Operations

Overcrowding continues to strain Afghanistan’s prison system. As of September 25, 2011, provincial prisons held more than double their capacity (203.6%). The 19,664 male detainees and prisoners were incarcerated in prisons that were operating at 211.7% of capacity. In contrast, female prisons were not quite full: 562 detainees and prisoners were incarcerated in prisons that were operating at 87.2% of capacity. The overcrowding of prisons had increased since December 2010, when prisons were operating at 190.8% of capacity. The International Committee of the Red Cross sets the minimum acceptable prison space per person at 3.4 square meters.266

Last quarter’s prison break in Saraposa prompted the Afghan government to begin to move the Central Prison Directorate from the Ministry of Justice (MoJ) to the Ministry of Interior (MoI). As of September 30, 2011, the Afghan government was still working to amend the necessary laws to move the Directorate from the MoJ to the MoI.267 The UN Secretary-General warned that the transfer could detract from gains in the prison administration sector and that appropriate structural safeguards need to be put in place within the MoI to prevent an increase in human rights abuses in prisons.268

DoS identified a number of challenges in the juvenile corrections system: crumbling infrastructure, underfunding, insufficient staffing, minimal education and vocational programming, overcrowding, intermingling of pre-trial and convicted juveniles, and severely limited recreational space. Nearly 900 juvenile offenders have been incarcerated in Juvenile Rehabilitation Centers, and 32 of the 34 centers are in rented structures that were not intended to house juvenile offenders.269

To address the challenges, the Corrections System Support Program (CSSP) works within the juvenile corrections system. CSSP personnel mentor the leadership of the Juvenile Rehabilitation Directorate, which oversees juvenile corrections facilities, on improving management practices and implementing standard operating procedures.270

ANTI-CORRUPTION

Corruption remains a challenge to reconstruction efforts. This quarter, a DoS analysis of corruption that covered contractor vetting, support to anti-corruption law enforcement, development of anti-corruption policies and institutions, and outreach programs to civil society found that corruption is at its height in Afghanistan. DoS noted that during the transition to Afghan control, the United States should remain vigilant in its attention to the problem.271

In August 2011, the joint international and Afghan Monitoring and Evaluation Committee (MEC) met with President Karzai, key ministers, members of the media, and representatives from civil society groups. The MEC is developing recommendations on needed anti-corruption reforms, according to the U.K. Foreign and Commonwealth Office.272 DoS noted that the MEC’s technical secretariat had gotten off to a slow start. The MEC’s first report is due in November 2011.273
GOVERNANCE

Improving Transparency and Accountability
As of October 6, 2011, the Afghan Civil Service Code was still being revised. DoS noted that it is unclear how the code will affect the vetting of senior-level officials. The Civil Service Commission had put in place procedures for merit-based and transparent recruitment for most senior civil servants; however, the Director-General of the Independent Directorate of Local Governance recently halted these procedures because he viewed them as slow and lacking sufficient standards for recruits in the most dangerous provinces. According to DoS, some saw the move as political and the U.S. Embassy Kabul planned to review the matter with the Afghan government.274

Progress in Prosecutions
The Afghan government has made little progress in prosecuting high-level officials because it lacks the political will to do so, according to DoS. It noted that the Attorney General still has not demonstrated a serious commitment to fighting corruption or bringing senior officials to justice.275 In addition, DoS stated that the Department of Justice (DoJ) was unaware of any prosecutions of high-level officials this quarter.276

Anti-Corruption Unit
The Anti-Corruption Unit (ACU) continued to face many impediments to its ability to combat corruption, according to DoS, which stated that the government has stifled the ACU’s prosecutions of high-level officials. This quarter, DoJ and the JSSP suspended their training of ACU personnel because of the unit’s pervasive culture of corruption.277 DoS noted that DoJ mentors will continue to visit the ACU to evaluate whether it is becoming more committed to combat corruption, which would enable training efforts to resume.278 DoS also noted that DoJ lacks confidence that ACU prosecutors are capable of correctly investigating or prosecuting complex or large-scale financial crimes.279

According to DoS, it is clear that those who challenge well-connected Afghans likely risk professional penalties. This quarter, two ACU prosecutors were punished and given unwanted transfers for pursuing charges against the former governor of Kapisa, and the case was closed without any charges. The ACU’s investigation into the Kabul Bank crisis had yet to result in formal charges of any high-level officials.280

By contrast, the ACU’s investigation and prosecution of low-level governmental officials appear to occur without barriers. DoS noted that DoJ believes that this apparent willingness to prosecute is a result of the lack of power and ability of lower-level officials to disrupt the progress of cases. In its Kabul Bank investigations, the ACU appears to be concentrating on low-level employees and bank regulators.281

“Corruption is a tremendous challenge in Afghanistan. Corruption significantly undermines our nation’s conduct of counter-insurgency operations in theater. Deterring corruption involves an integrated effort at all levels....”

—Brigadier General Stephen J. Townsend

Source: Brigadier General Stephen J. Townsend, Written Testimony before the Committee for Oversight and Government Reform’s Subcommittee on National Security and Foreign Affairs, 9/15/2011.
GOVERNANCE

Major Crimes Task Force
Throughout July and August 2011, the Major Crimes Task Force (MCTF) had 38 to 48 anti-corruption cases open for investigation at any one time. However, according to DoS, the MCTF’s investigations are often stifled at the ACU, and completed investigations frequently do not result in charges.282

The MCTF has high standards of conduct, achievement, and capacity, according to DoS. Investigators build cases effectively by using sophisticated techniques such as wiretapping, cell phone exploitation, and global positioning system tracking. Investigators take pride in their work and appear to resist bribery and other undue influence.283

A number of U.S. agencies support the MCTF through training, mentorship, and operations and maintenance assistance, including INL, U.S. Central Command (CENTCOM), the Federal Bureau of Investigation, and the U.S. Army Criminal Investigation Division. DoS noted that the MCTF is gaining some independence from foreign mentors: in July 2011, FBI-trained Afghan investigators began teaching the basic investigations course that new investigators take.284

High Office of Oversight for Anti-Corruption
The HOOAC remains a low-capacity operation, according to DoS, which stated that the office has failed to take advantage of the technical assistance provided to it. DoS stated that the U.S. Embassy Kabul has not witnessed any impact by the HOOAC on anti-corruption efforts.285

The new director general of the HOOAC had previously chaired a special commission established by President Karzai to investigate the corruption at Kabul Bank, according to DoS. Although the commission’s report revealed that politically connected figures received even more fraudulent loans than previously believed, it also absolved two key players in the schemes from any criminal liability: the half-brother of President Karzai and the brother of Afghanistan’s first vice president.286

Although the HOOAC’s new leadership said last quarter that it would deemphasize its asset verification program, DoS noted that asset verification has become a larger focus of the HOOAC. With the support of USAID, the HOOAC has met with a number of ministries and agencies to improve compliance with asset verification standards for civil servants. Furthermore, the director general told the U.S. Embassy Kabul that simplifying processes and procedures is one of his top priorities.287

A one-year extension of USAID’s technical assistance to the HOOAC is planned, according to DoS. The first year of assistance was not expected to exceed $4 million, and the extension will be for a smaller amount. DoS noted that the assistance will shift its focus from supporting the HOOAC to creating demand from Afghan society for transparency and accountability in the government.288

SIGAR AUDIT
In an audit of the MCTF released last quarter, SIGAR identified funding and reimbursement issues that U.S. implementing agencies need to address. For more information, see SIGAR Audit 11-12, “U.S. Agencies Have Provided Training and Support to Afghanistan’s Major Crimes Task Force, but Reporting and Reimbursement Issues Need to be Addressed” at www.sigar.mil.

SIGAR AUDIT
In its 2009 audit of the HOOAC, SIGAR found that the office suffered from a limited operational capacity and lacked the independence required to meet international standards for an oversight institution. For more information, see SIGAR Audit 10-2, “Afghanistan’s High Office of Oversight Needs Significantly Strengthened Authority, Independence, and Donor Support to become an Effective Anti-Corruption Institution” at www.sigar.mil.
GOVERNANCE

U.S. Anti-Corruption Program Assistance
On September 15, 2011, the director of the Department of Defense’s (DoD’s) Pakistan-Afghanistan Coordination Cell told the Congress that DoD, CENTCOM, and U.S. Forces - Afghanistan (USFOR-A) have greatly increased their understanding of the corruption problem and the unintended consequences that funds used for contracting can have on counter-insurgency efforts. He noted that some Afghans believe that instead of benefiting the Afghan people, reconstruction money is supporting “power brokers and malign actors.”

The director identified progress made by a number of task forces created to deal with corruption:

• The Combined Joint Inter-agency Task Force Shafafi yat (“Transparency”) has assisted in mapping criminal patronage networks. The Office of the Secretary of Defense noted that the task force has helped increase the Afghan government’s focus on addressing accountability and criminal influence in government, narcotics trafficking, and government self-regulation. The task force assisted in restructuring a $2.16 billion trucking contract, implementing anti-theft technologies and rewarding companies for positive performance.

• Task Force Spotlight, incorporated under USFOR-A’s Armed Contractor Oversight Directorate, has aided in tracking and enforcing procedures regarding private security companies.

• Task Force 2010, which coordinates U.S. responses to corruption, has used the intelligence and law enforcement communities, as well as auditors, and forensic financial analysts to help ISAF, USFOR-A, and regional commanders better understand contractors so contracting dollars do not empower the wrong people or undermine U.S. efforts.

HUMAN RIGHTS
Reports released this quarter demonstrated the continued difficulty that many Afghan citizens face in safeguarding their human rights. This section provides updated information on specific human rights issues in Afghanistan related to detainees and prisoners, gender equity, children’s rights, and displaced persons.

Detainees and Prisoners
As this quarterly report went to press, UNAMA released a report alleging widespread torture at detention facilities run by the Afghan National Police and the National Directorate of Security. It cited the use of abusive interrogation practices to obtain confessions from individuals detained on suspicion of committing crimes against the government.

Gender Equity
This quarter, violence directed at women remained widespread, according to the UN Secretary-General, as aggressors continued to act with impunity. GIRoA authorities often failed to investigate and arrest violators of the EVAW law. The
GOVERNANCE

**EVAW law**: a 2009 law that provides a legal framework for the criminal investigation, prosecution, and conviction of 22 offenses against women, including harassment, physical assault, forced and underage marriage, and deprivation of property or inheritance.

Source: DoS, response to SIGAR data call, 7/1/2011.

authorities have continued to arrest women and girls who attempt to flee forced marriages or family abuse, charging them with the crime of “intent to commit adultery.” The UN Secretary-General noted, though, that Afghan judicial authorities are becoming increasingly aware of the EVAW law. From September 2010 to September 2011, prosecutors in 28 provinces registered complaints under the law, although fewer than one-quarter of those cases reached the courts.292

In addition, the caseload at the Violence Against Women (VAW) Unit in Kabul has increased steadily in 2011, from 77 in the first quarter to more than 200 cases in the third quarter. The unit, established in March 2010 by the Office of the Attorney General, prosecutes crimes under the EVAW law. As of October 14, 2011, the VAW Unit had initiated 596 cases that led to 5 convictions, according to DoS.293

INL supports training and capacity building for the VAW Units. In response to rising demand, the Office of the Attorney General increased the staff of the Kabul VAW Unit from 11 to 18 prosecutors and opened a new VAW Unit, with INL funding, in Balkh province in September 2011.294

**Women’s Shelters**
On September 5, 2011, the Council of Ministers passed a regulation on women’s shelters that had been heavily revised from the original draft submitted in February 2011. This version was a significant improvement, according to DoS. As noted in previous SIGAR quarterly reports, the original draft contained several controversial elements, including its restrictions on women’s access to shelters and its allowance of government intervention in shelter operations. As of September 30, 2011, the revised regulation was awaiting President Karzai’s signature. In 2011, INL funded 6 of 14 women’s shelters in Afghanistan.295

**Children’s Rights**
This quarter, UNAMA research documented that anti-government elements have recruited children to carry out suicide attacks, plant improvised explosive devices, and smuggle weapons and uniforms. UNAMA also found that the Afghan National Security Forces had recruited underage boys, sometimes with sexual exploitation as a motivating factor. On July 6, 2011, the Minister of Interior issued a decree that reaffirmed the Afghan government’s commitment to preventing sexual exploitation, underage recruitment, and the killing and maiming of children by Afghan National Security Forces personnel. The UN Secretary-General noted that the decree contained an action plan, which he urged the government to implement without further delay.296

**Displaced Persons**
Afghanistan is a source, transit, and destination country for men, women, and children subjected to forced labor and sex trafficking, according to a DoS report released in June 2011. The MoI said that there is more internal than transnational trafficking, although DoS noted that the poor capacity in the Afghan government makes it impossible to measure the scale of trafficking.297
GOVERNANCE

According to the report, adult male victims are subjected to forced labor in agriculture and construction in Iran, Pakistan, Greece, and other Gulf countries, but the report noted that most of the victims are children. Boys are more at risk for forced labor, prostitution, and drug smuggling than girls. Children sent by parents to brokers to gain employment can end up as forced labor, particularly in Pakistani carpet factories. Some families have sold children into prostitution. And forced begging is a growing problem as criminal networks organize professional begging rings.

The DoS report noted Afghan government and UN claims that the Taliban use young teenagers (age 12 to 16) as suicide bombers. These children are sometimes tricked or forced into carrying out missions; they may be heavily indoctrinated or unaware that they are carrying explosives. In addition, some child soldiers in insurgent groups are sexually exploited. Boys are sometimes promised enrollment in Islamic schools in Pakistan and Iran only to be trafficked to paramilitary training camps for extremist groups.

According to DoS, the Afghan government does not completely comply with the minimum international standards aimed at the elimination of trafficking. Furthermore, it has not been prosecuting or convicting traffickers under the Afghan trafficking law, enacted in 2008. To the contrary, DoS cited reports that the government has imprisoned victims of trafficking for adultery or prostitution. DoS noted that the Afghan government appears to “seriously underestimate the significance of human trafficking within the country.”

DoS recommended a number of steps the Afghan government should take to reduce trafficking, including the following:

- Increase enforcement of the 2008 anti-trafficking law.
- Prevent the punishment of victims of trafficking for acts committed as a direct result of that trafficking.
- Ensure that all children who have been victimized by sex and labor trafficking receive protective services.
- Strengthen the capacity of the MoI’s anti-trafficking/smuggling unit.
- Support initiatives to prevent trafficking, such as a public awareness campaign to warn at-risk populations of the dangers of trafficking.

This quarter, the Afghanistan Independent Human Rights Commission also released a report on trafficking, drawing on interviews with more than 450 victims and nearly 1,900 members of the general public in 20 provinces. The Commission found that early and forced marriages are major factors in trafficking. About 81% of trafficking victims were married before age 18, 50% of them before age 15, and some as young as 2. Poverty and unemployment are key drivers: 58% of victims’ families had no income, and only 10% had monthly incomes greater than Af 7,000 (about $150). Victims are typically enslaved through deception and fraud (35% of cases) or coercion and force (31%). They are then forced into a variety of predicaments, including narcotics sales, begging, prostitution, unwanted military service, and suicide operations.
As of September 30, 2011, the U.S. government had provided nearly $19.3 billion to support governance and economic development in Afghanistan, as shown in Appendix B. As the first withdrawal of U.S. troops approached, concerns persisted about the impact of a reduced U.S. presence on economic growth and development. As SIGAR has noted, economic growth is highly dependent upon military and reconstruction spending by donors.

This quarter, the international community took a number of steps to address concerns about future growth and development. The U.S. Secretary of State co-chaired a ministerial meeting at the United Nations (UN) to discuss the creation of a “New Silk Road” in Central Asia to strengthen economic growth in Afghanistan and the region. The World Bank hosted a donor meeting in Washington, D.C., to discuss the economic impact of the transition to full Afghan leadership. Looking ahead, the U.S. Department of State (DoS) noted that 85 foreign ministers and the leaders of 15 international organizations are scheduled to meet in December at the second Bonn Conference to discuss the transition, greater regional economic cooperation, and other issues.

U.S. implementing agencies have already begun adjusting their programs to take into account the economic impact of the transition. For example, a top official at the U.S. Agency for International Development (USAID) noted this quarter that the agency is committed to delivering more funding directly to the Afghan government to maximize the amount of money flowing into the local economy. The official reiterated U.S. policy that the international community will be supporting development work in Afghanistan for years beyond 2014 and characterized investment in infrastructure and energy as critical to ensuring sustainable economic growth.

This section provides updates on key economic, social, and infrastructure developments this quarter:

• A staff-level agreement between the International Monetary Fund (IMF) and the Afghan government paved the way for a $129 million Extended Credit Facility (ECF) arrangement for Afghanistan, and with it a resumption of international donor contributions to the Afghanistan Reconstruction Trust Fund (ARTF).
• Government revenues increased steadily, but remained well below public expenditures.
• Full implementation of the Afghanistan-Pakistan Transit Trade Agreement was delayed again, although many technical issues were resolved.
• USAID announced billions in funding to expand Afghanistan’s electricity-generating capacity.
• Afghanistan made progress in eradicating polio.
• Mobile phone banking grew, while commercial banking struggled.
• The expansion of the mobile telecommunications network to the 3G standard remained on track.

ECONOMIC INDICATORS

According to IMF estimates released this quarter, the value of all goods and services produced in Afghanistan in 2010—the gross domestic product (GDP)—was $15.5 billion. U.S. funds appropriated annually for reconstruction generally approach or exceed this figure. For example, the United States provided $16.59 billion for Afghanistan reconstruction in FY 2010, as noted in SIGAR’s July 2011 quarterly report.

Afghanistan’s economy is largely based on agriculture and services, as shown in Figure 3.28. The most recent official data shows that the services sector continues to surpass agriculture as the largest licit component of GDP.

Revenue Collection

The Afghan government has continued to improve its ability to collect revenue. A report from the U.S. Government Accountability Office (GAO) this quarter showed that revenue collection has grown at an average annual rate of about 30% since 2006. However, the actual revenue collected still falls far short of the amounts needed to fund the government’s on-budget public expenditures, as shown in Table 3.7.

Inflation

According to the most recent official data, overall annual consumer price inflation in Afghanistan was an estimated 22% (April 2010 to April 2011). Because of poor cereal harvests this year, the annual price inflation for bread was even higher—estimated at 26.7%. Higher bread prices were driven by rising prices for

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<tr>
<td>On-budget public expenditures</td>
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<td>Domestic revenue collected</td>
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wheat and wheat flour. The World Food Program reported that the prices of wheat, wheat flour, and cooking oil in the major cities of Afghanistan were higher in August 2011 than in August 2010. The price of wheat increased by 32.4%; wheat flour, by 18.5%; and cooking oil, by 48%.

**DIRECT ASSISTANCE**

The Afghan government controls only a small portion of the reconstruction funds spent in the country. All external budget expenditures are financed entirely by international donors, according to the GAO. For 2006/2007–2010/2011, for example, the GAO estimated that $42.8 billion of expenditures (79%) were not part of the national budget or under the government’s fiscal control. The GAO noted that the United States is the largest contributor to all reconstruction, providing an estimated 62% of all funds for public expenditures from 2006/2007 to 2010/2011.

As previously noted by SIGAR, this imbalance has long been a point of contention between the Afghan government and international donors. International donors—including the United States—have reaffirmed their commitment to channel more reconstruction assistance through the Afghan government if progress is made in fighting corruption, building public management systems, and improving budget execution.

In addition to its overall reconstruction contributions, the United States is also the largest contributor to the ARTF, as reported in SIGAR’s audit of the fund. This quarter, the ARTF announced a new initiative to help build the financial management capacity of the Afghan government—a $60 million grant for the Second Public Financial Management Reform Project. The goal of this project is to increase international confidence in the financial management systems of the Afghan government, so that donors will channel a greater percentage of their assistance directly to the government. The project aims to build the financial management and procurement skills of civil servants (in Kabul and the provinces) to increase the number who can carry out functions that contractors have been performing. According to the World Bank, the grant will help extend the coverage of Afghan government audits to 75% of the government’s budget operations.

As SIGAR noted in its July 2011 quarterly report, USAID is providing $90 million in direct assistance to the Afghan government to support eight projects prioritized by the government. As of September 30, 2011, USAID had disbursed $15.8 million of this commitment to the Ministry of Public Health for the Partner Contracts for Health program.

**Assessing Afghan Ministries**

Strengthening the financial management capacity of Afghan ministries is an important prerequisite to the U.S. government delivering more assistance directly through those ministries. Last quarter, an independent consulting firm chosen by international donors began to assess the public financial management capacity of
individual ministries.319 As of October 4, 2011, assessments had been completed of the ministries of Finance, Mines, Public Health, and Education, according to the U.S. Department of the Treasury (Treasury).320

As of September 30, 2011, the assessment of the Ministry of Finance (MoF) was the only one available for public review. Among its conclusions:321

- Tools and methodology to organize the budget exist within the MoF and are relatively well designed. However, because the manuals are written in English, they are clear to international consultants and donors but not to all Afghan civil servants.
- Little progress has been made in transferring knowledge of these tools and methodology to those MoF civil servants who do not speak English.
- Internal controls are in place across the MoF and are functioning, but they are not documented. The controls provide no audit trail; therefore, the MoF does not have the ability to evaluate the performance of its departments or processes.

Treasury noted that after international donors reviewed the preliminary assessment of the Ministry of Mines, they decided to send it back for further work to get a clearer picture of how the ministry reports and records mining revenue. This assessment is a priority because the mining sector has the potential to significantly bolster Afghan government revenues, according to Treasury.322

**BANKING**

Since the near collapse of Kabul Bank in September 2010, progress in resolving the situation has been slow. The Afghan government has struggled to investigate those responsible, recover bank assets, and address the concerns of international donors about weaknesses in the commercial banking sector. Nevertheless, enough progress has been made that this quarter the IMF mission to Afghanistan announced it had reached a staff-level agreement with the Afghan government on a three-year, $129 million ECF arrangement.323

In the announcement, the IMF noted that Kabul Bank had been put into receivership, the central bank (DAB) was increasing its efforts to enforce banking regulations, and the Afghan government had committed to introducing a value-added tax in 2014 to help increase revenues. The IMF also noted that although the Afghan government had taken some of the steps required for a new ECF, a number of actions still needed to be completed. On October 15, 2011, the Afghan National Assembly removed one of the chief obstacles to approval when the Lower House approved a budget that included the first tranche of funds—$51 million—to recapitalize Kabul Bank. International donors, especially the U.S. government, have insisted that no reconstruction funds be used to recapitalize Kabul Bank.324 If the staff-level recommendation is approved by the IMF Executive Board at its November 2011 meeting, donor countries that have withheld contributions to the ARTF could resume their assistance programs in Afghanistan.325

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**SIGAR AUDIT**

In its audit of U.S. efforts to improve the capacity of the Afghan government to regulate the financial sector, SIGAR identified the challenges facing anti-corruption efforts. For details, see SIGAR Audit 11-13, “Limited Inter-agency Coordination and Insufficient Controls over U.S. Funds in Afghanistan Hamper U.S. Efforts To Develop the Afghan Financial Sector and Safeguard U.S. Cash” (available at www.sigar.mil).
According to Treasury, the lack of an ECF caused the withholding of $100 million that was scheduled to be disbursed under the ARTF Recurrent Cost Window. This money has been set aside and will be disbursed to pay civil servant salaries after an ECF arrangement is in place. Treasury noted that the government can meet its salary and operating expenses until January 2012 without any disbursements from the Recurrent Cost Window.326

In another key development this quarter, forensic audits of the Kabul and Azizi banks began. According to Treasury, the audit firm has been able to access the data it needs to conduct the audits.327

As part of its response to the Kabul Bank crisis, the World Bank agreed to fund prudential audits of 10 Afghan commercial banks. This quarter, the Bank announced a $19 million grant to fund these audits; the grant will also be used to help build capacity at DAB to regulate the commercial banking sector. A key goal is to reduce reliance on cash transactions by promoting financial transactions that use electronic cards or mobile phones.328

MOBILE MONEY

“Mobile money” is the use of cell phones to store currency and pay for goods and services electronically, using short message service (SMS). It enables consumers, vendors, and financial institutions to transfer money—as currency or as mobile minutes—easily and with low transaction costs.329 It can be an anti-corruption tool because it reduces the need to move large amounts of cash.

For several years, mobile money has been experiencing rapid growth in developing countries, according to a publication from the North Atlantic Treaty Organization (NATO).330 A key driver is the phenomenal growth of mobile phone coverage worldwide, as developing countries bypass the high cost of connecting homes to land lines in favor of the lower cost of installing mobile phone networks. Subscriptions in developing countries jumped from 250 million in 2000 to nearly 4 billion in 2010. Market share jumped accordingly, as shown in Figure 3.29.

**FIGURE 3.29**

**GROWTH IN SHARE OF MOBILE PHONE MARKET, 2000–2010 (PERCENT)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Developing Countries</th>
<th>Developed Countries</th>
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</thead>
<tbody>
<tr>
<td>2000</td>
<td>35</td>
<td>65</td>
</tr>
<tr>
<td>2005</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>2010</td>
<td>74</td>
<td>26</td>
</tr>
</tbody>
</table>

Afghanistan mirrors this worldwide trend: as of June 2011, the country had 72,070 landline telephone subscribers and nearly 17 million cell phone subscribers, according to the Ministry of Communications and Information Technology.\textsuperscript{331} For an update on the latest plans to improve Afghanistan’s cellular communications network, see “Communications” later in this section.

USAID is piloting programs to use mobile money to pay the salaries of Afghan security force personnel and civil servants. The goals are to reduce the prevalence of corrupt middlemen, reach civil servants in remote areas, and reduce the violence associated with cash disbursements.\textsuperscript{332} Although fewer than 5% of Afghans have bank accounts, more than 63% are mobile phone subscribers. As of August 2011, more than 500 Afghan National Police were receiving their salaries through the M-Paisa mobile money platform provided by Roshan M-Paisa, an Afghan telecommunications service. This quarter, USAID announced grants to three Afghan mobile phone operators totaling $2.1 million to increase access to mobile money services. The grants are part of a $5 million Mobile Money Innovation Grant Fund, the goal of which is to increase Afghans’ access to modern financial services, as described in Table 3.8.\textsuperscript{333}

There are many challenges, however, to creating sustainable mobile money initiatives. The Task Force for Business and Stability Operations (TFBSO) noted that fewer than 10% of all mobile money initiatives worldwide have been able to operate without continued donor funds or subsidies. The major reason is that many initiatives do not achieve the economies of scale necessary to drive costs and fees down to a price acceptable to consumers. The root cause of this failure, according to TFBSO, is usually related to mobile banking services that are not interoperable, meaning payments cannot be made across telecommunications companies. This constraint limits the ability of a customer to spend mobile money with vendors who do not share the same mobile phone provider. For that reason, the TFBSO noted, the most successful mobile money initiatives tend to occur in countries in which one company has gained the lion’s share of the telecommunications market, or in bank-driven mobile money solutions that can handle interoperability. The TFBSO stated that mobile money grants

<table>
<thead>
<tr>
<th>Afghan Mobile Phone Provider</th>
<th>Share of Telecommunications Market (%)</th>
<th>Service To Be Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Etisalat</td>
<td>24.3</td>
<td>Partner with DABS, the national power utility, to allow customers to use mobile money to pay electricity bills.</td>
</tr>
<tr>
<td>MTN</td>
<td>24.5</td>
<td>Partner with the Ministry of Education to use mobile money to process teacher salaries in rural areas.</td>
</tr>
<tr>
<td>Roshan M-Paisa</td>
<td>28.5</td>
<td>Partner with microfinance institutions to use mobile money to improve loan repayment.</td>
</tr>
</tbody>
</table>

are more likely to be sustainable in Afghanistan if they have the following characteristics:334

- Encourage timely and realistic financial transfers (interoperability) between mobile banking services. In Afghanistan, interoperability could only be handled through an electronic funds transfer switch.
- Address both parts of the mobile money equation: supply (delivering salary payments) and demand (paying bills or making purchases with mobile money).
- Keep transaction costs and fees affordable.

EMPLOYMENT

As noted in a number of SIGAR’s quarterly reports, it is not possible to definitively measure progress toward the U.S. goal of increasing employment in the agriculture sector or any other sector because of the lack of available data. Nevertheless, USAID has estimated the number of jobs created this quarter through its cash-for-work programs, which provide short-term employment for vulnerable Afghan families, as shown in Table 3.9.

TRADE

This quarter, the U.S. Secretary of State co-chaired a meeting of foreign ministers and senior officials from 27 countries and international organizations to discuss the “New Silk Road” initiative. According to DoS, the New Silk Road would be an international economic and transit network linking Central Asia with Afghanistan. The goal would be to spur economic growth by encouraging foreign investment in Afghanistan, connecting the country to new markets abroad, and weakening the insurgency by providing alternative livelihoods for Afghans.335

According to data provided by USAID, Afghanistan’s main exports are agricultural or livestock-related—such as fruits, vegetables, nuts, resins, carpets, cotton, skins, and leather.336 One of the goals of the New Silk Road initiative is to help promote private-sector investment in Afghanistan’s underdeveloped mining and natural resources sectors to provide sources of higher-value exports.337

**TABLE 3.9**

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of Jobs</th>
<th>Types of Jobs</th>
<th>Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Development Program–Kabul</td>
<td>2,407</td>
<td>Skilled and unskilled manual labor</td>
<td>$13 per day for skilled labor; $6.50 per day for unskilled labor</td>
</tr>
<tr>
<td>Community Development Program–North</td>
<td>40,370</td>
<td>Skill and unskilled labor; household labor producing carpets, clothing, and cloth; health trainers; welding; furniture making; carpet weaving</td>
<td>$5 per day</td>
</tr>
<tr>
<td>Community Development Program–South, East, and West</td>
<td>4,164</td>
<td>3,900 jobs for unskilled labor and 264 jobs for supervisors, masons, and steel workers</td>
<td>Average $7.50 per day</td>
</tr>
<tr>
<td>Afghan Stabilization Initiative</td>
<td>10,733</td>
<td>Unskilled labor, foremen, supervisors, trainees, and masons</td>
<td>$6.30 per day for unskilled labor</td>
</tr>
</tbody>
</table>

This quarter, the challenges to strengthening regional trade were illustrated by continued delays in full implementation of the Afghanistan-Pakistan Transit Trade Agreement. As previously noted by SIGAR, this agreement was scheduled to go into effect 30 days after it was ratified on January 11, 2011. Implementation continued to be held up, however, by disagreements over financial guarantees, insurance, and customs duties for cargo. According to DoS, as of October 6, 2011, neither country had yet agreed to a new date for full implementation.\footnote{338} Nevertheless, DoS noted that the two countries had resolved a number of outstanding technical issues that were holding up implementation:\footnote{339}

- Insurance guarantees will be permanently waived for exported goods originating in Afghanistan and Pakistan.
- The bank guarantee required for each truck entering Pakistan and Afghanistan will be reduced from 25\% to 10\%.
- Insurance premiums for sensitive goods will not exceed 1\% of total customs duties, taxes, and fees (premiums for food items will be lower).
- Collateral for insurance should be 10\% of custom duties, taxes, and fees for sensitive goods, with further reductions for non-sensitive goods.

The importance of an agreement that allows Afghan goods to transit more freely through Pakistan and on to India was underscored by recent trade statistics. According to data provided by USAID, Pakistan and India were the two main destinations for Afghanistan’s exports for 2010/2011 and for the first quarter of 2011/2012. Together, these two countries absorbed nearly 58\% of Afghanistan’s total exports: Pakistan absorbed about 38.8\%; India, about 19\%. Despite a very short common border, Afghan trade with China has also been increasing: during these same years, China was the third-largest destination for Afghan exports, absorbing 7.9\%.\footnote{340}

**AGRICULTURE**

The Ministry of Agriculture, Irrigation, and Livestock (MAIL) has officially estimated the 2011 wheat harvest at 3.26 million tons, according to the Food and Agriculture Organization (FAO). That is 28\% lower than in 2010 and 36\% lower than the record production of 2009. The MAIL has also estimated overall production of cereal crops (wheat, rice, barley, and others) at 4.55 million tons in 2011. This number is 23\% lower than in 2010 and about 15\% lower than the average of the preceding five years. The reduced harvests are primarily due to the lack of rain during early seed-germinating months and warmer-than-normal temperatures later in the planting season.\footnote{341}

As a result, Afghanistan must import more wheat and food aid this year to meet domestic consumption needs. Imports of wheat and rice are estimated at 1.68 million tons for 2011/2012. According to the FAO, the Afghan government had already imported 1.025 million tons of cereals and received 102,000 tons of food aid by the end of June 2011.\footnote{342}

By contrast, production of fruits and vegetables was expected to increase for the second consecutive year. The FAO also noted a significant increase in the

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**Sensitive goods**: a term used in trade negotiations to describe domestically produced goods that are so economically and politically important to a country that its competitive advantage would be threatened if protections against similar imports were reduced.

area planted with fruit trees. According to a NATO publication, the Afghanistan Chamber of Commerce and Industries reported strong fruit exports this year—30,000 tons as of August 2011. Increasing the cultivation of high-value fruits and creating stronger value chains to market them are goals of the U.S. development strategy in Afghanistan. For example, USAID has launched an initiative to give farmers access to global agricultural prices on their cell phones, so they can increase their competitive advantage and obtain higher prices for their produce.

Toward this end, the TFBSO is strengthening the country’s top agricultural export by value—raisins—by building a new processing facility in the south. It is also helping establish Afghan-U.S. business partnerships to bring Afghan raisins to the U.S. market.

From 2002 to 2010, the United States invested $1.4 billion in Afghanistan’s agricultural development, including $77 million to build the capacity of the MAIL to better serve farmers and promote agricultural business development. This quarter, SIGAR released an audit of these capacity-building efforts and made recommendations to strengthen the MAIL program. For details, see Section 1, page 7.

This quarter, USAID announced the opening of a state-of-the-art food testing lab in Jalalabad—the second of its kind in Afghanistan. The lab gives Afghans a modern facility to test the quality of food exported and imported at the Torkham border, increasing the efficiency of trade with Pakistan. According to USAID, the new lab can provide test results within 24 hours, which helps to prevent spoilage from unnecessary delays. This improvement is key to boosting agricultural trade because Afghanistan has a 50% food spoilage rate, according to a senior USAID official.

Increasing income from agriculture is a key goal of the U.S. development strategy in Afghanistan. As noted earlier, one way to achieve this is to strengthen value chains by developing the capacity to convert raw materials produced in Afghanistan into higher-value goods. To address this need, this quarter USAID announced the opening of Afghanistan’s first cashmere de-hairing facility, which has the capacity to process more than 400 kilograms of raw cashmere each day. According to USAID, this facility could significantly increase the incomes of Afghan cashmere producers and traders. Afghanistan exports primarily raw cashmere, which sold for $35 per kilogram as of July 31, 2011. Processed cashmere is sold in foreign markets for as much as $120 per kilogram.

**ESSENTIAL SERVICES**

This quarter, several new developments in energy and mining underscored the shift in the U.S. strategy from short-term stability projects to longer-term projects that have the potential to attract private-sector investment in Afghanistan. Also of note, the telecommunications sector continued its strong growth, led by the private sector; commercial aviation expanded in response to the opportunities provided by reconstruction; and Afghanistan made progress in eradicating polio.
Commercial Aviation

In November 2010, as noted previously by SIGAR, safety concerns caused the European Commission to ban all Afghan commercial airlines from landing in European Union countries. According to the most recent European Commission legal notice (April 2011), Afghan carriers remain on the list of banned carriers.

Despite this restriction, Afghan civil aviation has continued to develop, partly in response to the opportunities offered by reconstruction spending. For example, a new Afghan cargo airline—East Horizon Airlines—announced this quarter that it will soon begin operations. It will specialize in transporting by air the goods and equipment needed for reconstruction, as an alternative to the difficult and dangerous transport by road. According to the company, East Horizon Airlines is 100% Afghan-owned and the first Afghan commercial carrier to be certified under the new Afghan Civil Aviation Regulations.

As of September 30, 2011, USAID had provided $6 million in on-budget assistance to the MoF and the Ministry of Transportation and Civil Aviation to upgrade the regional airports at Maimana and Faizabad. Construction continues at both sites, according to USAID.

The Ministry of Transport and Civil Aviation is moving to capture more non-tax revenue related to commercial aviation, according to Treasury. The ministry has announced that, beginning November 15, 2011, aviation user fees will be collected electronically rather than in cash collected by airport managers.

Energy

In a significant development this quarter, the U.S. government—along with private-sector and nonprofit partners—signed an agreement with the Afghan government to invest $600 million to develop the Sheberghan natural gas fields and build an adjacent 200-MW power plant. In addition to building and operating the gas-fired power plant and developing natural gas reserves to fuel it, the project will also construct transmission facilities to connect the plant to the North East Power System. According to the Overseas Private Investment Corporation (OPIC), the project will provide low-cost electricity for a significant portion of Afghanistan’s industrial northern region. The project has three partners:

- OPIC will finance up to 75% ($225 million) of the power plant costs and will provide political risk insurance to eligible investors.
- USAID will finance the rehabilitation of two existing wells in the gas fields and the drilling of additional wells to prove gas reserves for the proposed plant, and will partially fund gas-processing infrastructure.
- The Aga Khan Fund for Economic Development will partner with a U.S. independent power producer to develop the project.

OPIC characterized this consortium as an example of the public-private partnerships envisioned by the New Silk Road initiative.

Also this quarter, USAID officially transferred to the Afghan government what it characterized as a state-of-the-art National Load Control Center at the Tarakhil
diesel-fueled power plant. According to USAID, this center will control the entire North East Power System and ensure a supply of reliable, affordable energy to more than 600,000 residential, commercial, and industrial users. At the transfer ceremony, the United States committed to fund a four-year, on-budget energy program. This $1 billion USAID initiative—the Power Transmission Expansion and Connectivity Program—is intended to modernize Afghanistan’s energy generation, transmission, and distribution infrastructures. It reflects two new U.S. reconstruction priorities, according to USAID. The first is to deliver more funding directly to the Afghan government by channeling assistance through the national budget, coupled with rigorous capacity development activities to help the national utility and ministries properly manage these funds. The second is to shift development efforts away from short-term stabilization projects to longer-term, sustainable projects—like the Sheberghan natural gas project.

In another energy development, USAID noted that efforts to rehabilitate the Kajaki Dam moved forward this quarter, despite security concerns. For example, the deadline to submit bids for the Kajaki substation grading was September 7, 2011. No bids were received because of contractor concerns that security conditions on Route 611 (from Durai to Kajaki) would impede work. The solicitation is being modified to address this issue, according to USAID. Bids for substation structures and equipment were due on October 10, 2011, while specifications for the substation construction are being developed. According to USAID, the principal contractor for this project recently completed an inventory of the equipment and parts needed to install the long-delayed second turbine unit. Results of this inventory were positive, according to USAID, and confirmed that a majority of the expected parts and equipment are accounted for and in good condition.

This quarter, Chinese state-owned companies continued to make inroads into Afghanistan’s natural resource sector. The China National Petroleum Corp. won a bid to develop the country’s first oil field. According to media reports, the company promised to build a refinery in Afghanistan as part of its winning bid. As SIGAR has noted in previous quarterly reports, a Chinese state-owned consortium of companies has been working to develop the Aynak copper deposit since 2009.

Mining
To attract private-sector investment, the U.S. Geological Survey (USGS) released new reports this quarter that included extensive digital data for 24 mineral areas of interest in the country. The most prominent were the large copper and cobalt deposits near Kabul, the iron-rich areas in central Afghanistan, the copper and gold resources in southern Afghanistan, and the deposits of rare-earth elements in Helmand province. Field work to study and assess the deposits was conducted from October 2009 to September 2011 by geologists from the USGS and the Task Force for Business and Stability Operations, in cooperation with the Afghanistan Geological Survey.

SIGAR AUDIT
In its audits of U.S. efforts to improve Afghan power systems, SIGAR has identified the challenges to sustaining many of these projects. For details, see SIGAR Audit 10-6, “Contract Delays Led to Cost Overruns for the Kabul Power Plant and Sustainability Remains a Key Challenge”; SIGAR Audit 10-4, “Afghanistan Energy Supply Has Increased but An Updated Master Plan Is Needed and Delays and Sustainability”; and SIGAR Inspection 09-1, “Inspection of Improvements to the Khowst City Electrical Power System: Safety and Sustainability Issues Were Not Adequately Addressed” (available at www.sigar.mil).
According to the USGS, the reports relied on hyperspectral analysis, an imaging tool often used in mineral exploration to find new deposits. The reports contain geochemical analyses of rock samples, satellite and airborne remote-sensing data, airborne geophysical information, and information gleaned from other analysis techniques. The USGS noted that these reports can help interested parties assess the potential for near-term mining. For example, road access, a common feature in most of the areas, makes them low-risk in terms of access. The reports were designed to be used by the Ministry of Mines to strengthen the bidding process and the procedures for commercial development of these deposits.

Education

Although gains have been made in improving access to education for Afghan children, many challenges remain. In July 2011, the World Bank identified more than 14,000 educational institutions in Afghanistan that reach 8 million students. It noted that enrollment of girls had grown to more than 2.5 million in 2010. Yet the demand for schools has continued to grow by approximately 700,000 students annually, and almost half of the school-age population remained out of school.

Also in July, the World Bank announced a grant from the ARTF for $50 million to increase access to education, especially for Afghan girls. The grant, which will be administered by the Ministry of Education, aims to achieve four goals:

- Improve learning environments in an additional 2,413 schools.
- Rehabilitate and construct more than 764 school buildings.
- Improve the professional skills of 100,000 teachers, focusing on female teachers.
- Provide scholarships for 3,500 female students in teacher training colleges.

This grant is part of the Education Quality Improvement Program, which is funded by international donors. According to the World Bank, USAID contributed more than $22 million to implement the program in 11 provinces.

Health Services

This quarter, the World Health Organization (WHO) announced that Afghanistan was “on the brink” of eradicating polio. According to UN reports, Afghan government data shows that 85% of the population now lives in polio-free areas but that the virus still exists in 13 districts—primarily in high-conflict zones in the south. As of September 2011, according to the UN Assistance Mission in Afghanistan, 23 cases of polio had been reported for the year—in Kandahar, Helmand, Farah, and Parwan provinces.

The WHO National Surveillance Cell also stated that thousands of Afghan children were missed in the May and June 2011 polio immunization drives because anti-government elements refused to allow the campaign to carry out immunizations. This resistance is not a new development: in 2009, three workers were killed while monitoring the UN polio campaign in the Spin Boldak district of Kandahar.
On September 17–19, 2011, with the support of the WHO and UNICEF (the United Nations Children’s Fund), the Afghan government conducted another national immunization campaign. Approximately 55,000 volunteers went from house to house administering oral polio vaccine to 7.8 million children. An additional campaign was scheduled for the end of October 2011.\textsuperscript{375}

As of September 30, 2011, USAID had provided $4.4 million to the Ministry of Public Health to conduct a comprehensive survey of maternal and child health in Afghanistan.\textsuperscript{376} USAID reported this quarter that when the survey results are finalized, they will show progress on several key indicators. It intends to release the report by the end of November 2011.\textsuperscript{377}

Communications

This quarter, the Afghan Telecommunication Regulatory Authority announced plans to upgrade the nation’s telecommunications network to 3G, which will allow operators to offer a wider range of advanced services, including mobile money, while improving network clarity. The 3G network will also facilitate smartphone capabilities, such as high data speed, enhanced audio and video streaming, video conferencing, and high-speed Web and TV broadcast through the Internet. The closing date for submitting bids for a nationwide license to provide 3G broadband mobile services was October 17, 2011.\textsuperscript{378}

The TFBSO continued to support the Afghan technology sector by creating the Herat Information Technology Incubator Program. It also set up meetings for four Afghan IT startups in Silicon Valley and in U.S. cities, and led a reciprocal tour of major U.S. technology companies to Afghanistan to explore investment opportunities. As a result of that tour, Google and YouTube executives opened their first office in Afghanistan.\textsuperscript{379}

Private sector-led growth: In Afghanistan, as in other developing countries, the private sector is key to expanding access to telecommunications technology. A 2010 study showed that mobile phone access is significantly lower in developing countries where telecommunications is a government-run monopoly.

Village Elders Hold a Shura

Defying insurgent threats, prominent elders in the village of Chineh held a shura to elect four representatives to the Shah Joy district council. The effect of security on governance was a major topic of discussion; elders expressed their desire to stand together and expel insurgents from the district. (ISAF photo)
4 OTHER AGENCY OVERSIGHT
“Really important words. Vertically aligned visually, centered horizontally. Really important words. Vertically aligned visually, centered horizontally. Really important words. Vertically aligned visually, centered horizontally.”

—Person of Interest

Source: Trusted source
OTHER AGENCY OVERSIGHT

SIGAR’s enabling legislation requires it to keep the Secretary of State and the Secretary of Defense fully informed about problems relating to the administration of reconstruction programs and to submit a report on SIGAR’s oversight work and on the status of the U.S. reconstruction effort to Congress no later than 30 days after the end of each fiscal quarter. Each quarter, SIGAR requests updates from other agencies on completed and ongoing oversight activities. This section contains these updates. 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, punctuation, and spellings; and third-person instead of first-person construction.

These agencies are performing oversight activities in Afghanistan and providing summaries of the results to SIGAR:

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

**COMPLETED OVERSIGHT ACTIVITIES**

Table 4.1 lists the 17 oversight projects related to reconstruction that the participating agencies reported were completed this quarter.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Report Number</th>
<th>Date Issued</th>
<th>Project Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>DoD OIG</td>
<td>D-2011-100</td>
<td>8/16/2011</td>
<td>DoD Bi-Directional Flow Agreements and Adequate Tracking Mechanisms on the Northern Distribution Network</td>
</tr>
<tr>
<td>DoD OIG</td>
<td>D-2011-087</td>
<td>7/20/2011</td>
<td>Procurement of High-Mobility, Multipurpose, Wheeled Vehicles and Troop Enclosures for the Afghan National Security Forces</td>
</tr>
</tbody>
</table>
OTHER AGENCY OVERSIGHT

TABLE 4.1 (CONTINUED)

<table>
<thead>
<tr>
<th>Agency</th>
<th>Report Number</th>
<th>Date Issued</th>
<th>Project Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAO</td>
<td>GAO-11-948R</td>
<td>9/20/2011</td>
<td>Afghanistan’s Donor Dependence</td>
</tr>
<tr>
<td>GAO</td>
<td>GAO-11-760</td>
<td>8/2/2011</td>
<td>Iraq and Afghanistan: Actions Needed To Improve the Ability of Army Brigades To Support the Advising Mission</td>
</tr>
<tr>
<td>GAO</td>
<td>GAO-11-710</td>
<td>7/20/2011</td>
<td>Afghanistan: Actions Needed To Improve Accountability of U.S. Assistance to Afghanistan Government</td>
</tr>
<tr>
<td>USAID OIG</td>
<td>F-306-11-004-P</td>
<td>9/29/2011</td>
<td>Audit of USAID/Afghanistan’s On-Budget Funding Assistance to the Ministry of Public Health in Support of the Partnership Contracts for Health Program</td>
</tr>
<tr>
<td>USAID OIG</td>
<td>F-306-11-005-S</td>
<td>8/31/2011</td>
<td>Review of USAID/Afghanistan’s Afghan Civilian Assistance Program</td>
</tr>
</tbody>
</table>


U.S. Department of Defense Office of Inspector General

During this quarter, DoD OIG issued six reports related to Afghanistan reconstruction. Three of these reports were issued jointly with DoS OIG.

Improved Pricing and Oversight Needed for the Afghan Air Force Pilot and English-Language Training Task Order

The U.S. Army Program Executive Office for Simulation, Training, and Instrumentation (PEO STRI) did not obtain fair and reasonable prices on the firm-fixed-price task order. This occurred because PEO STRI contracting personnel did not verify that the contractor used personnel from the negotiated labor categories to perform the task order. As a result, the Army will pay approximately $431,638 in inflated labor costs using Afghan Security Forces funds.

PEO STRI officials did not develop complete oversight processes or sufficiently document procedures for the task order. This occurred because PEO STRI officials did not consider including metrics and specific oversight procedures in the quality assurance surveillance plan because the subcontractor was providing a commercial service and they felt sufficient oversight was in place. As a result, Army officials have limited assurance that effective contract oversight will continue on the task order.
Afghan National Police Training Program Would Benefit from Better Compliance with the Economy Act and Reimbursable Agreements (joint audit)

DoS Bureau of International Narcotics and Law Enforcement Affairs (INL) officials improperly obligated an estimated $76.65 million of Afghanistan Security Forces Fund appropriations that DoD provided to support the Afghan National Police (ANP) training program. Specifically, INL officials obligated an estimated $75.60 million of funds for two INL rule-of-law programs and one INL counter-narcotics program and $1.05 million of funds for personal services contracts, contrary to either Economy Act or reimbursable agreement limitations. This occurred because DoD did not appropriately monitor INL obligations, and INL did not have adequate procedures to ensure it obligated funds in accordance with the Economy Act and reimbursable agreements. As a result, DoD and DoS might have violated the Antideficiency Act. In addition, the ANP training program did not receive an estimated $75.60 million of DoD financial support. DoD could realize a benefit if the funds were returned and put to better use supporting the ANP training program.

DoD Bi-Directional Flow Agreements and Adequate Tracking Mechanisms on the Northern Distribution Network
(Report No. D-2011-100, Issued August 16, 2011)

The report results are classified.

Afghan National Police Training Program: Lessons Learned During the Transition of Contract Administration (joint audit)

DoD and DoS officials did not develop a comprehensive plan or develop a memorandum of agreement to guide, monitor, and assign transition responsibilities. Instead, officials relied on independently developed contractor plans, some of which were not feasible and did not address inherently governmental tasks. This occurred because DoD and DoS lacked guidance for planning a transition of contract administration responsibilities from one agency to another, which contributed to contractor schedule delays. In addition, DoD officials reported that the incoming contractor did not have 428 of the 728 required personnel in place within the 120-day transition period, which placed the overall mission at risk by not providing the mentoring essential for developing the Afghan government and police force.

Further, at the end of the 120-day transition period, DoD did not have the personnel in place to effectively oversee the new DoD contract. This occurred because DoD did not establish a program support office until 19 days before the contract was awarded and did not formalize an agreement for managing oversight personnel, communication, and information-sharing between commands. Until oversight personnel are in place, DoD will be unable to adequately monitor
whether the contractor is performing its contractual obligations and achieving
the goals of the program.

DoD OIG commended DoD for taking some corrective action in response
to a memorandum that DoD OIG issued during the audit. The corrective action
included developing strategies for hiring and contractor oversight and proce-
dures for approving purchase requests and vouchers. DoD also increased the
number of oversight personnel for the new DoD contract.

**Procurement of High-Mobility, Multipurpose, Wheeled Vehicles and
Troop Enclosures for the Afghan National Security Forces**

The audit was announced, in part, due to a concern of the Afghanistan Deputy
Commander for Programs, North Atlantic Treaty Organization Training Mission -
Afghanistan (NTM-A)/Combined Security Transition Command - Afghanistan
(CSTC-A). He expressed to DoD OIG that the procurement of M1152 high-mobili-
yty, multipurpose, wheeled vehicles (HMMWVs) with troop enclosures would
not meet required delivery dates for the ANSF. M1152 HMMWVs are armored
vehicles that can be fitted with an armored troop enclosure kit. NTM-A/CSTC-A
officials stated that the troop enclosure equips the vehicle with an armored
compartment to protect ANSF troops and to support troop movement during
operations and battle. In conducting the review of HMMWVs with troop enclo-
sure deliveries, DoD OIG determined that the Army took appropriate steps to
accelerate the delivery of HMMWVs with troop enclosures to the satisfaction of
NTM-A/CSTC-A officials. As of May 31, 2011, the contractor met or exceeded the
delivery schedules for HMMWVs and troop enclosures procured from contract
WS6HZV-I 0-C-040S.

**DoD and DoS Need Better Procedures To Monitor and Expend DoD
Funds for the Afghan National Police Training Program (joint audit)**

DoS officials did not appropriately obligate or return to DoD approximately
$172.40 million of approximately $1.26 billion of DoD funds provided for the
ANP training program. This occurred because DoS lacked adequate procedures
for obligating, monitoring, and de-obligating DoD funds for the ANP training
program. Moreover, DoD officials did not validate whether INL officials obligated
funds in accordance with the reimbursable agreements. In addition, the DoS
contracting officer’s representative approved contractor invoices for payment for
approximately $2.07 million that either were not authorized or were for services
not provided. This occurred because DoS officials did not always perform a
detailed review of invoices before payment and relied on a post-payment review
of invoices to identify overpayments and obtain refunds from the contractor. As
a result, DoD OIG identified total potential monetary benefits of approximately
$124.62 million. When recovered, these funds could be used for valid ANP
training program requirements or other DoD requirements. In addition, if not
corrected, incorrect obligations of approximately $74.91 million could result in potential Antideficiency Act violations. DoD and DoS needed to take action on 11 of the 23 recommendations made in the 2010 joint audit report. Of those 11 recommendations, DoD OIG replaced 7 with new recommendations. The other 4 remain open or were reissued.

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

During this quarter, DoS OIG issued six reports related to Afghanistan reconstruction. Three of these reports were issued jointly with DoD OIG. For summaries of the joint reports, see the subsection for DoD OIG under “Completed Oversight Activities.”

**DynCorp Operations and Maintenance Support at Camp Falcon in Kabul, Afghanistan**

(Report No. MERO-I-11-12, Issued August 31, 2011)

In general, DynCorp adequately operated and maintained Camp Falcon systems and appropriately controlled and inventoried U.S. government–furnished property. However, DoS OIG found weaknesses in DynCorp’s invoicing for food service, fuel operations, and the static guard force. In addition, the two in-country contracting officer’s representatives (ICORs) had difficulty fulfilling their contract oversight responsibilities. INL approved DynCorp invoices that included overcharges totaling $157,000 for meals provided by DynCorp’s subcontractor from November 2009 through January 2010. DynCorp relied on the fuel vendor’s measurement of the diesel fuel pumped into the fuel tanks, so it could not verify the camp was receiving the correct amount of fuel. Also, DynCorp did not maintain fuel consumption records, which could potentially lead to fraud. The static guard force provided security for the camp’s tenants, but DynCorp had not complied with task order requirements to verify the guards’ English-language proficiency or to limit the guards’ work hours. Because they were responsible for 14 programs, the two INL ICORs had difficulty fulfilling their oversight responsibilities, including maintaining contract files. DoS OIG made recommendations related to fuel operations and the guard force, and also recommended seeking reimbursement for meal overcharges and reviewing past food service invoices for further overcharges.

**Limited-Scope Review of Planning for the Civilian Uplift at Embassy Kabul**

(Report No. MERO-I-11-11, Issued August 31, 2011)

DoS, including the U.S. Embassy Kabul, led the inter-agency effort and adequately assessed the staffing positions needed to address the administration’s goals and handle the civilian uplift in Afghanistan. The rapid influx of personnel, coupled with the Embassy’s decisions not to deny staffing requests because of a lack of office facilities and housing, initially resulted in insufficient working and
living space at both the Embassy and the regional posts in Mazar-e Sharif and Herat, which negatively impacted staff productivity and morale. Additional temporary housing delivered in 2010 and 2011 alleviated the situation, and ongoing construction of permanent housing and office space should provide an additional 613 beds and 1,219 desks by 2015. At the time of DoS OIG’s review, staff at Mazar-e Sharif and Herat reported insufficient numbers of vehicles to conduct work in self-drive zones, as well as a need for additional interpreters. Because the Embassy took action to address these issues during the review, the report did not contain recommendations.

The Bureau of Population, Refugees, and Migration’s Reintegration Assistance Program for Refugees Returning to Afghanistan, Performance Evaluation
(Report No. MERO-I-11-10, July 2011)

DoS, through its implementing partners, the United Nations High Commissioner for Refugees (UNHCR) and non-governmental organizations (NGOs), was generally effective in providing reintegration services to returning Afghan refugees. The Bureau of Population, Refugees, and Migration (PRM) also filled gaps in assistance through grants. However, DoS OIG found challenges within the Afghan government to developing long-term solutions for returning refugees. In addition, the government’s land allocation scheme was mismanaged and largely ineffectual in providing returnees with land capable of sustaining a basic livelihood. The UNHCR had withdrawn its support of the program and was instead directly assisting returnees, as was the PRM through its grants program. Although there were mechanisms to monitor the delivery of assistance to returning refugees, the unstable security environment restricted access to approximately half of the country. Thus, the PRM and the UNHCR often relied on third parties, such as Provincial Reconstruction Teams, to assess and report on returnee assistance. However, these teams were inconsistently conducting assessments and reporting information back to the PRM and the UNHCR.

Government Accountability Office
During the last quarter, the GAO issued six reports related to Afghanistan reconstruction.

Afghanistan Governance: Performance-Data Gaps Hinder Overall Assessment of U.S. Efforts To Build Financial Management Capacity
(Report No. GAO-11-907, Issued September 20, 2011)

USAID, Treasury, and DoD support Afghanistan’s Public Financial Management Roadmap (Roadmap) goals through various activities such as (1) USAID projects that provide technical assistance and training to Afghan civil servants, (2) Treasury advisers’ assistance to the Ministry of Finance (MoF), and (3) DoD’s Combined Security Transition Command-Afghanistan (CSTC-A) that provides
support to the Ministries of Defense (MoD) and Interior (MoI). GAO found that these efforts are aligned with the Roadmap goals. However, the overall extent to which U.S. efforts have improved the public financial management capacity of the Afghan government cannot be fully determined because (1) U.S. agencies have reported mixed results, and (2) weaknesses in USAID’s performance management frameworks prevent reliable assessments of its results. USAID’s evaluations of its two public financial management projects indicate that some activities were successfully completed, while others were terminated because these activities were not deemed useful. Additionally, CSTC-A assessed that while MoD has made progress since 2008, MoI still needs significant international support. Regarding deficiencies in USAID’s performance management framework, both the USAID Mission performance management plan and project-specific plans lack performance targets as required for each indicator related to public financial management. Moreover, baselines for public financial management capacity of civilian ministries have not yet been established. GAO recommends that the USAID Administrator take steps to (1) establish performance targets in its Mission Performance Management Plan (PMP); (2) ensure implementing partners’ PMPs include baselines and approved targets; and (3) ensure implementing partners routinely report performance data. USAID concurred with GAO recommendations and is taking steps to address them.

Afghanistan’s Donor Dependence

The United States has allocated over $72 billion to secure, stabilize, and rebuild Afghanistan since 2002, and the President requested over $18 billion for these purposes for fiscal year 2012. GAO has on numerous occasions raised doubts about the Government of the Islamic Republic of Afghanistan’s (GIRoA) ability to fund its public expenditures—funds spent to provide public services to the Afghan population, such as security, infrastructure projects, and government salaries. For example, in 2005, GAO reported that Afghanistan had limited resources and recommended that the Secretaries of State and Defense develop plans for funding the Afghan National Security Forces (ANSF). In 2008, the Congress also mandated that DoD provide a long-term plan for sustaining the ANSF, including future funding requirements. GAO has also raised concerns about Afghanistan’s inability to fund planned government expenditures without foreign assistance and raised questions about the sustainability of U.S.-funded efforts to build and enhance Afghanistan’s road, agriculture, and water infrastructures. In this report, GAO found that (1) Afghanistan’s estimated total public expenditures more than doubled from solar year (SY) 2006 to 2010, growing from $5.5 billion to $14.3 billion, an increase of 160%. (2) The United States and other donors funded about 90% of Afghanistan’s estimated total public expenditures from SY 2006 to 2010. Over this period, the United States provided 62% of estimated total public expenditures, while other donors provided 28%. The United States funded an estimated 90% of Afghanistan’s total security expenditures during this time period. (3) The domestic revenues of GIRoA grew by an average annual rate
of 30% from SY 2006 to 2010, increasing from an estimated total of $0.62 billion to $1.66 billion. However, domestic revenues funded only about 9% of Afghanistan’s estimated total public expenditures from SY 2006 to 2010.

**Iraq and Afghanistan: DoD, State, and USAID Cannot Fully Account for Contracts, Assistance Instruments, and Associated Personnel**  
(Report No. GAO-11-886, Issued September 16, 2011)

DoD, DoS, and USAID designated SPOT as their system in 2010 for tracking statutorily required information on contracts, assistance instruments, and associated personnel in Iraq and Afghanistan. However, GAO found that regardless of the data source used, the agencies’ data had significant limitations, many of which were not fully disclosed. For example, while the agencies collectively reported $22.7 billion in fiscal year 2010 obligations, GAO found that they under-reported the value of Iraq and Afghanistan contracts and assistance instruments by at least $4 billion, the majority of which was for DoD contracts. Agency officials cited instances of using SPOT to help identify contractors that should be billed for the use of government services, including medical treatment and dining facilities. DoS and DoD officials also identified instances of using SPOT to help inform operational planning, such as preparing for the drawdown of U.S. forces in Iraq. However, officials from the three agencies indicated that shortcomings in data and reporting capabilities have limited their use of SPOT and, in some cases, led them to rely on other data systems to help manage and oversee contracts and assistance instruments. Also, while SPOT has the capability to record when personnel have been killed or wounded, such information has not been regularly updated. It is unclear when SPOT will serve as a reliable source of data to meet statutory requirements and be used by the agencies for management, oversight, and coordination. In 2009, GAO recommended that DoD, DoS, and USAID develop a plan for addressing SPOT’s limitations. The agencies disagreed, citing ongoing coordination as sufficient. GAO continues to believe such a plan is needed and is not making new recommendations.

**Iraq and Afghanistan: Actions Needed To Improve the Ability of Army Brigades To Support the Advising Mission**  
(Report No. GAO-11-760, Issued August 2, 2011)

The Army has deployed augmented brigade combat teams (BCTs) in response to theater commanders’ requests, but units have faced some challenges because commanders did not always set clear priorities between the advising mission and other missions or define specific requirements for how the BCTs should support the advising mission. The use of augmented BCTs has decreased the total number of advisor personnel required for the advising mission but increased requirements for field grade officers, already in short supply. According to Army officials, as a result of these shortages, the Army has faced challenges meeting the requirement to provide field-grade advisors at least 45 days prior to the brigades’ mission-rehearsal exercise. In many cases, advisors did not join the
brigades until after the exercise, hindering their integration into the BCTs and complicating efforts to establish support and command structures. The GAO recommends that theater commands assess and refine, as appropriate, advisor requirements and define advisor support and command structures. The GAO also recommends that the Army provide certain advisor personnel to brigades earlier in pre-deployment training. DoD concurred with the recommendations.

**DoD Task Force for Business and Stability Operations: Actions Needed To Establish Project Management Guidelines To Enhance Information Sharing**  

As of June 2011, DoD, DoS, and USAID officials were discussing options for transitioning Task Force activities and preparing a response to the fiscal year 2011 National Defense Authorization Act requirements. Based on interviews with senior officials and a review of available data, the GAO identified five factors to consider in planning for any transition of Task Force activities to USAID, which generally relate to how these agencies conduct their respective activities. First, although both the Task Force and USAID work to promote economic development, they generally take different approaches. Second, as part of DoD, Task Force employees are not subject to the same movement restrictions as USAID employees and have greater flexibility to visit project sites and access to military assets. Third, funding and staffing plans would need to be developed. Fourth, while both agencies facilitate private sector investment, the nature and focus of their interactions with investors differ. Last, the timing of a transition and impact on U.S. objectives will need to be considered. While DoD and the Task Force have provided high-level direction for Task Force activities, the Task Force has not developed written project management guidance to be used by its personnel in managing Task Force projects. The GAO recommends that the Task Force develop written project management guidance and that DoD, DoS, and USAID develop an approach to integrate the Task Force into information-sharing mechanisms. DoD partially concurred with the first recommendation. The three agencies generally concurred with the second.

**Afghanistan: Actions Needed To Improve Accountability of U.S. Assistance to Afghanistan Government**  
(Report No. GAO-11-710, Issued July 20, 2011)

USAID and DoD have taken steps to help ensure the accountability of their bilateral direct assistance to Afghan ministries, but USAID has not required risk assessments in all cases before awarding these funds. DoD personnel in Afghanistan assess the risk of providing funds to two security ministries through quarterly reviews of each ministry’s capacity. USAID and DoD generally rely on the World Bank and the United Nations Development Programme (UNDP) to ensure accountability over U.S. direct assistance provided multilaterally through the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust
Fund for Afghanistan (LOTFA), but USAID has not consistently complied with its risk assessment policies in awarding funds to the ARTF. During the GAO’s review, DoD established procedures in June 2011 requiring that it assess risks before contributing funds to the LOTFA. The World Bank and UNDP use ARTF and LOTFA monitoring agents to help ensure that ministries use contributions as intended. However, security conditions and weaknesses in Afghan ministries pose challenges to their oversight. The GAO recommended that USAID (1) establish and implement policy requiring risk assessments in all cases before awarding bilateral direct assistance funds, (2) take additional steps to help ensure it implements controls for bilateral direct assistance, and (3) ensure adherence to its risk assessment policies for ARTF. In commenting on the first recommendation, USAID stated that its existing policies call for some form of risk assessment for all awards and that it has taken new steps to ensure risk assessment. GAO retained its recommendation because existing USAID policies do not require pre-award risk assessments in all cases. USAID concurred with the GAO’s other recommendations.

**U.S. Army Audit Agency**
The U.S. Army Audit Agency reported completing no new audits related to Afghanistan reconstruction this quarter.

**U.S. Agency for International Development Office of Inspector General**
During the last quarter, USAID OIG issued two reports related to Afghanistan reconstruction.

**Review of USAID/Afghanistan’s Afghan Civilian Assistance Program**
USAID OIG conducted this review to follow up on indications of waste and fraud reported in a final program evaluation commissioned by USAID/Afghanistan. The final report includes the following issues:

- International Organization for Migration (IOM) warehouses in Kabul and Lashkar Gah were badly infested with rodents. There were inadequate warehouse procedures in place to control inventory, and food was stored in unhygienic conditions.
- Commodities were improperly stored outside of warehouses, where they were easily damaged by weather.
- Only 44% of the beneficiaries selected for assistance have received assistance, and IOM has only “closed out” (verified and accounted for) 28% of the grants to beneficiaries since the program began.
- According to an NGO hired by IOM to review its shelter program, the beneficiaries of grants totaling $1.4 million in Helmand province could not be found. The NGO considered this to be evidence of fraud.
• IOM purchased used vehicles valued at $3.4 million without authorization from USAID.
• A USAID field program officer discovered a fraud scheme involving embezzlement of about $180,000 in USAID funds. Instead of returning the funds to USAID, the responsible IOM individuals returned the funds to a local shura, which reportedly distributed it to villagers. According to the USAID field program officer, some of these villagers did not qualify for assistance under the Afghan Civilian Assistance Program.

The report included seven recommendations to address these issues.

Audit of USAID/Afghanistan’s On-Budget Funding Assistance to the Ministry of Public Health in Support of the Partnership Contracts for Health Program

USAID OIG conducted this audit to determine whether the Ministry of Public Health (MoPH), with USAID/Afghanistan’s assistance, was implementing standardized packages of health services that contribute to meeting Afghanistan’s national health objectives.

Auditors found evidence that the Partnership Contracts for Health (PCH) program has contributed to meeting Afghanistan’s national health objectives. However, measurement of the magnitude of USAID’s contribution to the national objectives could be made only indirectly using proxy indicators because no current demographic information or health statistics were available to measure health outcomes directly.

Although the PCH program has made significant accomplishments, such as increasing access to health facilities, certain elements of the program could be strengthened in order to ensure continued success. The final report includes the following issues:
• Quality problems observed in health facilities. Auditors found varying quality problems at all 11 health facilities visited. For example, old equipment needed repair, drugs and medical supplies were in short supply, doctors and staff were overwhelmed with serving a population up to twice the capacity of their facilities, facilities were crowded, buildings needed repair or renovation, staff lacked training, and controls over patient records and activity reports were weak.
• Accurate data needed to measure program progress and outcomes. Audit testing of the activity reports revealed several instances where supporting documentation was lacking, as well as reporting of incorrect information.
• Building capacity within the ministry was delayed. To date, no functions have been transferred from PCH program consultants to permanent MoPH staff.
• Absence of a cost-effectiveness analysis on donor-supported health care activities. The mission has not completed an analysis to compare the cost-effectiveness of health care delivery by the major donors.
• A cumbersome process delayed payments. The Afghan government’s payment process (cash advance and liquidation) across MoPH and the Ministry of Finance was a continuously changing, cumbersome ordeal, requiring layers of redundant review and up to 34 signatures per request.

• Program management needs to be tightened. The mission lacked a formal mission order outlining duties and responsibilities among offices.

• Program lacked an approved performance management plan. The PCH program did not yet have an approved performance management plan, almost three years after the implementation letter was countersigned.

• “Afghan Info” performance information is not accurate or complete. Audit testing revealed discrepancies with performance information reported for 9 of the 10 indicators reported in Afghan Info.

The report included 13 recommendations to address these issues.

**ONGOING OVERSIGHT ACTIVITIES**

As of September 30, 2011, the participating agencies reported 32 ongoing oversight activities related to reconstruction 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). DoD OIG has identified priorities based on those challenges and high risks and has responded by expanding its coverage of OCO operations and its presence in Southwest Asia. Matching DoD’s current Southwest Asia operational tempo and focus, the DoD OIG primary oversight focus is operations in Afghanistan while maintaining the necessary oversight in Iraq and its remaining operations.

The DoD OIG–led Southwest Asia Joint Planning Group coordinates and deconflicts federal and DoD OCO–related oversight activities.

DoD OIG’s ongoing Operation Enduring Freedom (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

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**TABLE 4.2**

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the Afghan police, logistical distribution within Afghanistan, health care, armor ing capabilities, and acquisition planning and controls over funding for the Afghan National Security Forces (ANSF).

For the fourth quarter of FY 2011, DoD OIG had 34 ongoing oversight activities. Of those 34 ongoing projects, 15 relate to reconstruction in Afghanistan and are incorporated in this quarterly report.

**Afghan National Police Mentoring/Training and Logistics Support Contract**
(Project No. D2011-D000AS-0271.000, Initiated August 12, 2011)
The audit will be the first in a series of audits on the ANP Mentoring/Training and Logistics Support contract. The DoD OIG overall objective for the series of audits is to determine whether DoD officials are using appropriate contracting processes to satisfy mission requirements and are conducting appropriate oversight of the contract in accordance with federal and DoD policies. For this audit, DoD OIG will determine whether the Army is appropriately administering the ANP Mentoring/Training and Logistics Support contract in accordance with federal and DoD guidance. DoD OIG began this project during the fourth quarter of FY 2011.

**Adequacy of Controls Over Small-Arms Contracts for the Afghan National Security Forces**
(Project No. D2011-D000AT-0246.000, Initiated July 12, 2011)
DoD OIG is evaluating the contract award, pricing, and quality assurance provisions for small arms, to include accessories and spare parts, acquired using Afghanistan Security Forces Funds. Specifically, DoD OIG will determine whether the contract processes were in accordance with applicable acquisition regulations. DoD OIG began this project during the fourth quarter of FY 2011.

**Management of Pharmaceuticals Within the Afghan National Security Forces Health System**
(Project No. D2011-D000JA-0240.000, Initiated July 15, 2011)
DoD OIG is determining the effectiveness of pharmaceutical distribution within the Afghanistan National Security Forces health care system. Specifically, DoD OIG will evaluate the procurement, delivery, and inventory control processes for pharmaceuticals at ANSF medical facilities and depots.

**Assessment of U.S. and Coalition Plans To Train, Equip, and Field the Afghan Air Force**
(Project No. D2011-D00SP0-0234.000, Initiated May 20, 2011)
DoD OIG is determining whether U.S. government and coalition forces goals, objectives, plans, and guidance to train, equip, and field a viable and sustainable Afghan Air Force are prepared, issued, operative, and relevant.
Development of Individual Equipment Requirements for the Afghan National Army
(Project No. D2011-D000AT-0222.000, Initiated April 29, 2011)
DoD OIG is determining whether the development process for ANA individual equipment requirements was adequate. Specifically, DoD OIG will determine the adequacy of the acquisition, sustainment, and training requirements established for individual equipment items for the ANA.

Accountability for Night-Vision Devices Procured for the Afghan National Security Forces
(Project No. D2011-D000AT-0221.000, Initiated April 26, 2011)
DoD OIG is evaluating the accountability for night-vision devices and associated spare parts procured for the ANSF.

Fees and Surcharges on Intragovernmental Orders Funded by Afghanistan Security Forces Fund Appropriations
(Project No. D2011-D000FD-0121.000, Initiated March 30, 2011)
DoD OIG is determining what fees and surcharges DoD Components charge on intragovernmental orders funded by Afghanistan Security Forces Fund appropriations. DoD OIG will also evaluate whether the cost data exists to support those charges.

Development of Afghan National Army Logistics Capability
(Project No. D2011-D00SPO-0172.000, Initiated February 14, 2011)
DoD OIG is determining whether planning and operational implementation of efforts by U.S./coalition forces to train, advise, and assist in the development of an enduring logistics sustainability capability for the ANA is effective. This includes evaluating output/outcome in ANA logistical and operational organizations resulting from U.S./coalition involvement in developing Ministry of Defense (MoD)/ANA logistics support processes. In addition, DoD OIG will determine whether plans, training, preparation, and designated missions of International Security Assistance Force (ISAF)/U.S. Forces – Afghanistan (USFOR-A), NTM-A/CSTC-A, and ISAF Joint Command to train, advise, and assist in the development of an enduring logistics sustainability capability for the ANA are integrated across all levels of U.S./coalition commands/staffs, as well as with the MoD, and address ANA operational needs.

Facilities Management Training Provided Under the National Operations and Maintenance Contracts in Afghanistan
(Project No. D2011-D000JO-0137.000, Initiated January 18, 2011)
DoD OIG is determining whether the vocational training provided under the National Operations and Maintenance contracts is effective in developing the infrastructure maintenance capabilities of the ANSF.
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 NTM-A/CSTC-A is distributing DoD funds accurately and timely to the Afghan ministries for the ANA payroll. In addition, DoD OIG is determining whether NTM-A/CSTC-A has implemented an adequate mentoring process to assist Afghan 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, has measurable outcomes, and meets DoD needs.

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.

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 Commander’s Emergency Response Program (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, accurate, and meaningful data is reported to those decision-makers responsible for managing the CERP. This audit is the second in a series of audits addressing the internal controls over the CERP payments made to support operations in Afghanistan.

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 (USACE) 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 (USACE) properly monitored contractor performance during construction of the Detention Facility in Parwan and whether USACE has taken or should take recourse against the contractor because of potential latent defects, negligence, or fraud.

U.S. and Coalition Efforts To Develop the Medical Sustainment Capability of the Afghan National Security Forces
(Project No. D2009-D00SPO-0115.000, Initiated December, 17, 2008)
DoD OIG is determining whether U.S. government, coalition, and Afghan MoD and MoI goals, objectives, plans, and guidance to develop and sustain the current and projected ANSF health care system are issued and operative.

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

Performance Evaluation of the Bureau of International Narcotics and Law Enforcement Affairs’ Justice Sector Support Program for the Attorney General’s Anti-Corruption Unit in Afghanistan
(Project No. 11-MERO-3013, Initiated January 2011)
OIG is evaluating the Justice Sector Support Program (JSSP), which facilitates justice sector reform through assistance to the Attorney General’s Anti-Corruption Unit. The objectives of the evaluation are to determine (1) to what extent DoS’s anti-corruption mentoring and JSSP assistance have achieved their objectives and the impediments, (2) the amount of funding DoS has obligated and expended, (3) how DoS ensures that costs are properly allocated and supported, and (4) the effectiveness of the U.S. Embassy Kabul in managing and overseeing the JSSP.

Government Accountability Office

Use of U.S. Government Personnel or Contractors To Train the Afghan National Police
(Project No. 320866)
This review will examine (1) what are the roles and responsibilities of contractors and U.S. government personnel, and how are the responsibilities divided between the two groups? (2) what are the advantages and disadvantages of using contractors or U.S. government personnel?

Afghanistan Security Transition
(Project No. 320856, Initiated September 2011)
This review will examine (1) what progress has been made in achieving the conditions to transition security responsibility to the Afghan National Security
Forces (ANSF) and security ministries? (2) To what extent does the transition rely on U.S. military support? (3) To what extent are the transition and draw-down of U.S. troops in Afghanistan reflected in DoD’s budget requests, including for FY 2012? (4) What are the U.S. plans and estimated resources needed to sustain the ANSF?

Fuel Use in Afghanistan  
(Project No. 351613, Initiated July 2011)

This review will examine (1) to what extent has DoD established a viable approach to provide visibility and accountability for fuel demand management in Afghanistan? (2) What initiatives does DoD have under way to promote fuel efficiency across services in Afghanistan, and what are the related challenges? (3) To what extent are these efforts being coordinated across services? (4) To what extent does DoD currently measure or have plans in place to measure the results of its energy-efficiency efforts in Afghanistan?

Cost To Sustain ANSF  
(Project No. 320850, Initiated July 2011)

This review will examine (1) to what extent do U.S. and donor contributions fund total expenditures in Afghanistan? (2) To what extent do budget projections provide a complete and reliable forecast of Afghanistan’s fiscal sustainability, including domestic revenues and total costs?

Department of State Contracting for Conflict Countries  
(Project No. 120976, Initiated March 31, 2011)

This review will focus on assessing (1) the organizational alignment of DoS’s acquisition functions with its missions and needs; (2) DoS’s acquisition workforce, in terms of both number of personnel and their expertise; (3) DoS’s use and management of contracts awarded and/or administered on its behalf by other federal departments or agencies; (4) the statutory and regulatory authorities available for use in conflict environments; and (5) the efforts planned or underway to enhance the capacity of DoS’s acquisition workforce and reform its acquisition practices and processes.

Intelligence, Surveillance, and Reconnaissance (ISR) Collection and Tasking Management  
(Project No. 351603, Initiated March 1, 2011)

This review will focus on (1) assessing the data and data sources used by DoD, DoS, and USAID to produce a joint report regarding contracts with performance in Iraq or Afghanistan, associated personnel, and related matters; (2) reviewing how DoD, DoS, and USAID are using the data and data sources used to develop the joint report in managing, overseeing, and coordinating contracting in the two countries; and (3) assessing the plans the departments and agency have
for strengthening or improving their common databases for tracking statutorily required information on contracts and associated personnel.

U.S. and International Programs To Screen and Conduct Afghan Security Personnel and Recruits
(Project No. 320851, Initiated February 20, 2011)

This review will examine (1) to what extent recruits and other ANA/ANP personnel are vetted or screened by the U.S. government for ties to criminal, terrorist, or insurgent forces; (2) what challenges to these efforts exist, if any, and how have U.S. agencies addressed these challenges; (3) to what extent DoD and DoS have modified screening procedures in response to attacks; and (4) what, if any, safeguards are in place to protect U.S. personnel training or working with ANA/ANP forces.

DoD Oversight of Private Security Contractors in Afghanistan
(Project No. 351616, Initiated February 20, 2011)

GAO intends to examine to what extent (1) DoD has a process to determine if the use of private security contractors (PSCs) in Afghanistan to meet specific missions is appropriate; (2) DoD has a process to ensure that PSCs in Afghanistan are selecting personnel with appropriate backgrounds, training, and capabilities; (3) DoD has established a process to ensure that private security prime contractors and subcontractors are performing their duties in Afghanistan; and (4) DoD has begun to formulate plans to meet security requirements in Afghanistan without the use of PSCs.

U.S. Civilian Presence in Afghanistan
(Project No. 320766, Initiated May 3, 2010)

This review will focus on the extent to which and the processes through which U.S. agencies are prioritizing and fulfilling staffing requirements for the civilian surge in Afghanistan, and the steps U.S. agencies have taken to prepare their personnel for deployment.

Afghanistan Logistics Support
(Project No. 351492, Initiated April 30, 2010)

This review will focus on (1) the extent to which DoD has provided the personnel, equipment, and supplies needed to support operations in Afghanistan in accordance with DoD’s established plans and timeline; (2) the factors, if any, that have impacted DoD’s ability to provide the personnel, equipment, and supplies needed to support operations in Afghanistan, and how DoD has addressed these factors; and (3) the extent to which DoD has established a clear chain of command for the transportation of personnel, supplies, and equipment into and around Afghanistan.
U.S. Army Audit Agency

Commander’s Emergency Response Program–Afghanistan
(Project No. A-2011-ALL-0342.000, Initiated 2Q/FY 2011)
This audit will determine (1) whether the established project review and approval processes for the Commander’s Emergency Response Program (CERP) in Afghanistan promote selection of projects in compliance with its stated goals of providing immediate benefit to the Afghan people and (2) whether the process for generating CERP funding requirements was fully supported by the approved project list.

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

Audit of USAID/Afghanistan’s Incentives Driving Economic Alternatives for the North, East, and West Program
(Project No. FF100411, Initiated September 18, 2011)
Objective: To determine whether USAID/Afghanistan’s Incentives Driving Economic Alternatives for the North, East, and West Program is achieving its main goals of increasing licit and commercially viable agricultural-based alternatives for rural Afghans and significantly reducing and ultimately eradicating opium poppy production and sales.

Audit of USAID/Afghanistan’s Skills Training for Afghan Youth Project
(Project No. FF101611, Initiated July 21, 2011)
Objective: To determine if USAID/Afghanistan’s Skills Training for Afghan Youth Project is accomplishing its main goals of providing technical, vocational, and functional skills for productive work, basic education equivalency and life skills, and youth outreach and networking activities.

Review of Responses to Internal Audit Findings on the Local Governance and Community Development (LGCD) Program
(Project No. FF101711, Initiated June 19, 2011)
Objective: To determine if selected costs charged to USAID are reasonable, allowable, and allocable.

Audit of Internal Controls over the Separate Maintenance Allowance at USAID/Afghanistan
(Project No. FF100711, Initiated June 15, 2011)
Objective: To determine whether USAID/Afghanistan has adopted appropriate internal controls to prevent improper use of the separate maintenance allowance benefit.
Audit of USAID/Afghanistan’s Afghanistan Stabilization Initiative—Southern Region
(Project No. FF100511, Initiated March 5, 2011)

Objective: To determine if the Afghanistan Stabilization Initiative for the southern region is achieving its main goal of building confidence between communities and the Afghan government.

ONGOING INVESTIGATIONS

U.S. Department of Defense Office of Inspector General

The Defense Criminal Investigative Service (DCIS) continues to conduct significant fraud and corruption investigations in Afghanistan and Southwest Asia. Currently, six DCIS agents are assigned to the International Contract Corruption Task Force (ICCTF) in three locations: Kabul, Bagram, and Kandahar Airfields. DoD OIG expects to increase the number of ICCTF-assigned agents to seven within the next several weeks. DCIS continues to assign one special agent to Task Force 2010. DCIS and SIGAR are in partnership with seven other agencies to conduct major fraud and corruption investigations that affect DoD and Afghanistan reconstruction programs. In addition to these forward-deployed special agents, 105 DCIS agents based in the United States and Europe are currently conducting investigations related to fraud and corruption in Southwest Asia.

As of September 29, 2011, DCIS had 111 open OCO investigations involving Afghanistan. Of the open investigations, 18 are joint with SIGAR. As of September 29, 2011, DCIS had closed 77 OCO investigations involving Afghanistan.
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.
APPENDICES
AND ENDNOTES
### APPENDIX A
### CROSS-REFERENCE OF REPORT TO STATUTORY REQUIREMENTS

This appendix cross-references the pages of this report to the quarterly reporting and related requirements under SIGAR’s enabling legislation, the National Defense Authorization Act for Fiscal Year 2008, P.L. No. 110-181, § 1229 (Table A.1), and to the semiannual reporting requirements prescribed for inspectors general more generally under the Inspector General Act of 1978, as amended (5 U.S.C. App. 3) (Table A.2).

#### Table A.1

<table>
<thead>
<tr>
<th>Public Law Section</th>
<th>SIGAR Enabling Language</th>
<th>SIGAR Action</th>
<th>Section</th>
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<tbody>
<tr>
<td><strong>Supervision</strong></td>
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<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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<td><strong>Duties</strong></td>
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<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, Review programs, operations, contracts using 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 C Appendix D</td>
</tr>
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### TABLE A.1 (CONTINUED)

<table>
<thead>
<tr>
<th>Public Law Section</th>
<th>SIGAR Enabling Language</th>
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<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>
</tr>
<tr>
<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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<td>Federal Support and Other Resources</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>
</tr>
</tbody>
</table>
## TABLE A.1 (CONTINUED)

### 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>
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<tr>
<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>
<tr>
<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>
</tr>
</tbody>
</table>
### CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229

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<tr>
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<tr>
<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>
</tr>
<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>
</tr>
<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>
</tr>
<tr>
<td>IG Act Section</td>
<td>IG Act Language</td>
<td>SIGAR Action</td>
<td>Other Agency Oversight</td>
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<tr>
<td>Section 5(a)(1)</td>
<td>Description of significant problems, abuses, and deficiencies</td>
<td>Extract pertinent information from SWA/JPG member reports&lt;br&gt;List problems, abuses, and deficiencies from SIGAR audit reports, investigations, and inspections</td>
<td>See Letters of Inquiry at <a href="http://www.sigar.mil">www.sigar.mil</a></td>
</tr>
<tr>
<td>Section 5(a)(2)</td>
<td>Description of recommendations for corrective action...with respect to significant problems, abuses, or deficiencies</td>
<td>Extract pertinent information from SWA/JPG member I reports&lt;br&gt;List recommendations from SIGAR audit reports</td>
<td>Other Agency Oversight</td>
</tr>
<tr>
<td>Section 5(a)(3)</td>
<td>Identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed</td>
<td>List all instances of incomplete corrective action from previous semiannual reports</td>
<td>In process</td>
</tr>
<tr>
<td>Section 5(a)(4)</td>
<td>A summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted</td>
<td>Extract pertinent information from SWA/JPG member reports&lt;br&gt;List SIGAR Investigations that have been referred</td>
<td>Other Agency Oversight</td>
</tr>
<tr>
<td>Section 5(a)(5)</td>
<td>A summary of each report made to the [Secretary of Defense] under section 6(b)(2) (instances where information requested was refused or not provided)</td>
<td>Extract pertinent information from SWA/JPG member reports&lt;br&gt;List instances in which information was refused SIGAR auditors, investigators, or inspectors</td>
<td>Other Agency Oversight</td>
</tr>
<tr>
<td>Section 5(a)(6)</td>
<td>A listing, subdivided according to subject matter, of each audit report, inspection report and evaluation report issued...showing dollar value of questioned costs and recommendations that funds be put to better use</td>
<td>Extract pertinent information from SWA/JPG member reports&lt;br&gt;List SIGAR reports</td>
<td>Other Agency Oversight</td>
</tr>
<tr>
<td>Section 5(a)(7)</td>
<td>A summary of each particularly significant report</td>
<td>Extract pertinent information from SWA/JPG member reports&lt;br&gt;Provide a synopsis of the significant SIGAR reports</td>
<td>Other Agency Oversight&lt;br&gt;A full list of significant reports can be found at <a href="http://www.sigar.mil">www.sigar.mil</a></td>
</tr>
<tr>
<td>Section 5(a)(8)</td>
<td>Statistical tables showing the total number of audit reports and the total dollar value of questioned costs</td>
<td>Extract pertinent information from SWA/JPG member reports&lt;br&gt;Develop statistical tables showing dollar value of questioned cost from SIGAR reports</td>
<td>See reports of SWA/JPG members</td>
</tr>
<tr>
<td>Section 5(a)(9)</td>
<td>Statistical tables showing the total number of audit reports, inspection reports, and evaluation reports and the dollar value of recommendations that funds be put to better use by management</td>
<td>Extract pertinent information from SWA/JPG member reports&lt;br&gt;Develop statistical tables showing dollar value of funds put to better use by management from SIGAR reports</td>
<td>See reports of SWA/JPG members</td>
</tr>
<tr>
<td>Section 5(a)(10)</td>
<td>A summary of each audit report, inspection report, and evaluation report issued before the commencement of the reporting period for which no management decision has been made by the end of reporting period, an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision</td>
<td>Extract pertinent information from SWA/JPG member reports&lt;br&gt;Provide a synopsis of SIGAR audit reports in which recommendations by SIGAR are still open</td>
<td>See reports of SWA/JPG members</td>
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**TABLE A.2 (CONTINUED)**

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<th>IG Act Section</th>
<th>IG Act Language</th>
<th>SIGAR Action</th>
<th>Section</th>
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<tr>
<td>Section 5(a)(11)</td>
<td>A description and explanation of the reasons for any significant revised management decision</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>See reports of SWA/JPG members</td>
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<td>Explain SIGAR audit reports in which significant revisions have been made to management decisions</td>
<td>None</td>
</tr>
<tr>
<td>Section 5(a)(12)</td>
<td>Information concerning any significant management decision with which the Inspector General is in disagreement</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>See reports of SWA/JPG members</td>
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<td>Explain SIGAR audit reports in which SIGAR disagreed with management decision</td>
<td>No disputed decisions during the reporting period</td>
</tr>
<tr>
<td>Section 5(a)(13)</td>
<td>Information described under [Section 804(b)] of the Federal Financial Management Improvement Act of 1996 (instances and reasons when an agency has not met target dates established in a remediation plan)</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>See reports of SWA/JPG members</td>
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<td>Provide information where management has not met targets from a remediation plan</td>
<td>No disputed decisions during the reporting period</td>
</tr>
<tr>
<td>Section 5(a)(14)(A)</td>
<td>An Appendix containing the results of any peer review conducted by another Office of Inspector General during the reporting period; or</td>
<td>SIGAR has posted in full the results of, and reports from, SIGAR’s most recent peer reviews (completed during July 2010, prior to the current reporting period), on its Web site</td>
<td>Posted in full at <a href="http://www.sigar.mil">www.sigar.mil</a></td>
</tr>
<tr>
<td>Section 5(a)(14)(B)</td>
<td>If no peer review was conducted within that reporting period, a statement identifying the date of the last peer review conducted by another Office of Inspector General</td>
<td>15 July 2010</td>
<td>Posted in full at <a href="http://www.sigar.mil">www.sigar.mil</a></td>
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<td>Section 5(a)(15)</td>
<td>A list of any outstanding recommendations from any peer review conducted by another Office of Inspector General that have not been fully implemented, including a statement describing the status of the implementation and why implementation is not complete</td>
<td>None – all peer review recommendations effectively addressed, and remedial measures implemented, by 30 September 2010</td>
<td>Recommendations and related materials posted in full at <a href="http://www.sigar.mil">www.sigar.mil</a></td>
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<td>Any peer reviews conducted by SIGAR of another IG Office during the reporting period, including a list of any outstanding recommendations made from any previous peer review . . . that remain outstanding or have not been fully implemented</td>
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Note 1: Although this data is normally made available on SIGAR’s Web site (www.sigar.mil), the data SIGAR has received is in relatively raw form and is currently being reviewed, analyzed, and organized for all future SIGAR purposes.

* Covered “contracts, grants, agreements, and funding mechanisms” are defined in paragraph (2) of Section 1229(i) of P.L. No. 110-181 as being—

  “any major contract, grant, agreement, or other funding mechanism that is entered into by any department or agency of the United States Government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan with any public or private sector entity for any of the following purposes:

  To build or rebuild physical infrastructure of Afghanistan.
  To establish or reestablish a political or societal institution of Afghanistan.
  To provide products or services to the people of Afghanistan.”
APPENDICES

APPENDIX B
U.S. GOVERNMENT APPROPRIATED FUNDS ($ MILLIONS)
Table B.1 lists funds appropriated for Afghanistan reconstruction by program, per year, as of September 30, 2011.

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### APPENDICES

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APPENDIX C
SIGAR AUDITS

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<td>Better Planning and Oversight Could Have Reduced Construction Delays and Costs at the Kabul Military Training Center</td>
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<td>Actions Needed To Better Assess and Coordinate Capacity-Building Efforts at the Ministry of Agriculture, Irrigation, and Livestock</td>
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<td>Audit of a U.S. Agency’s Private Security Contract (no public release/for official use only)</td>
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New Audits
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<td>Costs of Private Security Contractors (PSCs) Utilized by USAID Contractors for Reconstruction in Afghanistan</td>
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Ongoing Audits
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<td>USACE Operations and Maintenance Contracts with ITT Corporation for ANSF Facilities</td>
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<td>SIGAR 048A</td>
<td>Reliability of Funding and Contract Data Maintained by C-JTSCC on Prime Vendors for Major Reconstruction Contracts in Afghanistan</td>
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<td>USAID’s Cooperative Agreement in Support of an Agriculture Program</td>
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<td>Accountability of ANSF Vehicles</td>
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Forensic Audits
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<td>Forensic Review of DoS Transaction Data Related to Afghanistan Reconstruction</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 Transaction Data Related to Afghanistan Reconstruction</td>
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</tbody>
</table>
APPENDICES

APPENDIX D
SIGAR INVESTIGATIONS AND HOTLINE

SIGAR Investigations
This quarter, SIGAR opened 31 new investigations and closed 10, bringing the total number of open investigations to 111. Most of these open investigations involve contract fraud, public corruption, and bribery, as shown in Figure D.1. Of the 10 closed investigations, most were closed due to unsubstantiated claims or for lack of prosecutive merit, as shown in Figure D.2.

SIGAR Hotline
Of the 38 Hotline complaints received this quarter, most were received by email or telephone, as shown in Figure D.3. Of these complaints, most were closed, referred to SIGAR investigators, or under review, as shown in Figure D.4.
### APPENDIX E
### ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>ACRONYM OR ABBREVIATION</th>
<th>DEFINITION</th>
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<tbody>
<tr>
<td>ABP</td>
<td>Afghan Border Police</td>
</tr>
<tr>
<td>ACSS</td>
<td>Afghanistan Civil Service Support</td>
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<tr>
<td>ACU</td>
<td>Anti-Corruption Unit</td>
</tr>
<tr>
<td>ADT</td>
<td>Agribusiness Development Team</td>
</tr>
<tr>
<td>AFCEE</td>
<td>Air Force Center for Engineering and the Environment (U.S.)</td>
</tr>
<tr>
<td>ANA</td>
<td>Afghan National Army</td>
</tr>
<tr>
<td>ANCOP</td>
<td>Afghan National Civil Order Police</td>
</tr>
<tr>
<td>ANDS</td>
<td>Afghanistan National Development Strategy</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>ANSU</td>
<td>Afghan National Security University</td>
</tr>
<tr>
<td>APPF</td>
<td>Afghan Public Protection Force</td>
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<tr>
<td>APRP</td>
<td>Afghanistan Peace and Reintegration Program</td>
</tr>
<tr>
<td>ARP</td>
<td>Afghanistan Reintegration Program (U.S.)</td>
</tr>
<tr>
<td>ARTF</td>
<td>Afghanistan Reconstruction Trust Fund</td>
</tr>
<tr>
<td>ASFF</td>
<td>Afghanistan Security Forces Fund</td>
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<tr>
<td>ASIU</td>
<td>Afghan Shafafiyat Investigative Unit</td>
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<tr>
<td>AUP</td>
<td>Afghan Uniform Police</td>
</tr>
<tr>
<td>AVIPA</td>
<td>Afghanistan Vouchers for Increased Production in Agriculture</td>
</tr>
<tr>
<td>AWOL</td>
<td>absent without leave</td>
</tr>
<tr>
<td>BCT</td>
<td>brigade combat team</td>
</tr>
<tr>
<td>BPA</td>
<td>blanket purchase agreement</td>
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<td>C-JTSCC</td>
<td>CENTCOM Joint Theater Support Contract Command</td>
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<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>CIGIE</td>
<td>Council of the Inspectors General on Integrity and Efficiency</td>
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<tr>
<td>CM</td>
<td>Capability Milestone</td>
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<tr>
<td>CMS</td>
<td>Case Management System</td>
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<tr>
<td>CNPA</td>
<td>Counter-Narcotics Police - Afghanistan</td>
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<td>CSSP</td>
<td>Correctional System Support Program</td>
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<td>CSTC-A</td>
<td>Combined Security Transition Command - Afghanistan</td>
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<td>CUAT</td>
<td>Commander's Unit Assessment Tool</td>
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<td>DAB</td>
<td>Da Afghanistan Bank</td>
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<td>DAIL</td>
<td>Directorate of Agriculture, Irrigation, and Livestock</td>
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<td>DCIS</td>
<td>Defense Criminal Investigative Service</td>
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<td>DDP</td>
<td>District Delivery Program</td>
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<td>DEA</td>
<td>Drug Enforcement Administration (U.S.)</td>
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<td>DFAS</td>
<td>Defense Finance and Accounting Service (U.S.)</td>
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<td>DHS</td>
<td>Department of Homeland Security (U.S.)</td>
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<td>DoD</td>
<td>Department of Defense (U.S.)</td>
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<tr>
<td>ACRONYM OR ABBREVIATION</td>
<td>DEFINITION</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>DoD OIG</td>
<td>Department of Defense Office of Inspector General</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>DoS OIG</td>
<td>DoS Office of Inspector General</td>
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<td>DST</td>
<td>District Support Team</td>
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<td>ECF</td>
<td>Extended Credit Facility</td>
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<td>Economic Support Fund</td>
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<td>EVAW</td>
<td>Elimination of Violence Against Women law</td>
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<td>FAIR</td>
<td>Foreign Affairs Institutional Reform program (U.S.)</td>
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<td>FAO</td>
<td>Food and Agriculture Organization (UN)</td>
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<td>Federal Bureau of Investigation (U.S.)</td>
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<td>FMS</td>
<td>Foreign Military Sales</td>
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<td>FY</td>
<td>fiscal year</td>
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<td>GAO</td>
<td>Government Accountability Office (U.S.)</td>
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<td>GDP</td>
<td>gross domestic product</td>
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<td>GIRoA</td>
<td>Government of the Islamic Republic of Afghanistan</td>
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<tr>
<td>HMMWV</td>
<td>high-mobility, multi-purpose, wheeled vehicle</td>
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<td>HOOAC</td>
<td>High Office of Oversight for Anti-Corruption (Afghan)</td>
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<td>ICCTF</td>
<td>International Contract Corruption Task Force</td>
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<td>ICOR</td>
<td>in-country contracting officer’s representative</td>
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<td>UC</td>
<td>International Security Assistance Force Joint Command</td>
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<td>International Monetary Fund</td>
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<td>Bureau of International Narcotics and Law Enforcement Affairs (U.S.)</td>
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<td>ISAF</td>
<td>International Security Assistance Force</td>
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<td>Intelligence, Surveillance, and Reconnaissance</td>
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<td>Joint Coordination and Monitoring Board</td>
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<td>Local Governance and Community Development</td>
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<td>Ministry of Justice (Afghan)</td>
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<td>ACRONYM OR ABBREVIATION</td>
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<td>MoPH</td>
<td>Ministry of Public Health (Afghan)</td>
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<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<td>NGO</td>
<td>non-governmental organization</td>
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<td>NIU</td>
<td>National Interdiction Unit</td>
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<td>NTM-A</td>
<td>NATO Training Mission - Afghanistan</td>
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<td>OCO</td>
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<td>OEF</td>
<td>Operation Enduring Freedom</td>
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<td>OPC</td>
<td>Overseas Private Investment Corporation</td>
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<td>PCH</td>
<td>Partnership Contracts for Health program</td>
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<td>PEO STRI</td>
<td>U.S. Army Program Executive Office for Simulation, Training, and Instrumentation</td>
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<td>PM/WRA</td>
<td>Bureau of Political-Military Affairs - Office of Weapons Removal and Abatement (Afghan)</td>
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<td>PMP</td>
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<td>private security contractor</td>
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<td>RAMP UP</td>
<td>Afghan Municipalities Program for Urban Populations</td>
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<td>RC Window</td>
<td>Recurrent Cost Window</td>
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<td>Rule of Law and Stabilization - Formal program</td>
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<td>RLS-I</td>
<td>Rule of Law and Stabilization - Informal program</td>
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<td>SDO</td>
<td>Suspension and Debarment Official</td>
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<td>SIGAR</td>
<td>Special Inspector General for Afghanistan Reconstruction</td>
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<td>SMS</td>
<td>short message service</td>
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<td>SRAP</td>
<td>Office of the Special Representative for Afghanistan and Pakistan</td>
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<tr>
<td>SY</td>
<td>solar year</td>
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<td>TFBSO</td>
<td>Task Force for Business and Stability Operations</td>
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<td>Treasury</td>
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<td>United Nations</td>
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<td>UN Assistance Mission in Afghanistan</td>
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<td>UN Development Programme</td>
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<td>USAID Office of Inspector General</td>
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<td>U.S. Department of Agriculture</td>
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<td>U.S. Forces - Afghanistan</td>
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<td>USGS</td>
<td>U.S. Geological Survey</td>
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<td>VAW</td>
<td>Violence Against Women Unit (Afghan)</td>
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<td>WHO</td>
<td>World Health Organization</td>
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26. See Appendix B of this report.
27. DoD, response to SIGAR data call, 10/20/2011.
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75. DoD, response to SIGAR data call, 10/17/2011.
78. CENTCOM, response to SIGAR data call, 10/3/2011.
79. CENTCOM, response to SIGAR data call, 10/3/2011.
80. CENTCOM, response to SIGAR data call, 10/3/2011.
81. DoD, response to SIGAR data call, 10/17/2011.
83. CENTCOM, response to SIGAR data call, 10/3/2011.
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86. CENTCOM, response to SIGAR data call, 10/3/2011.
87. CENTCOM, response to SIGAR data call, 10/3/2011.
88. DoD, response to SIGAR data call, 10/17/2011.
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103. CENTCOM, response to SIGAR data call, 10/3/2011.
104. DoD, response to SIGAR data call, 10/17/2011.
106. ISAF-IJC, ANP PERSTAT, 9/18/2011.
111. CENTCOM, response to SIGAR data call, 10/3/2011.
113. CENTCOM, response to SIGAR data call, 10/3/2011.
114. DoD, response to SIGAR data call, 10/17/2011.
117. CENTCOM, response to SIGAR data call, 10/3/2011.
122. CENTCOM, response to SIGAR data call, 10/3/2011.
123. DoD, response to SIGAR data call, 10/17/2011.
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135. CENTCOM, response to SIGAR data call, 10/3/2011.
137. CENTCOM, response to SIGAR data call, 10/3/2011.
139. CENTCOM, response to SIGAR data call, 10/3/2011.
140. OSD, response to SIGAR data call, 4/3/2011.
143. CENTCOM, response to SIGAR data call, 10/3/2011.
144. CENTCOM, response to SIGAR data call, 10/3/2011.
148. CENTCOM, response to SIGAR vetting, 10/17/2011.
163. INL, response to SIGAR data call, 10/4/2011; INL, response to SIGAR vetting, 10/15/2011.
166. DoD, response to SIGAR data call, 10/11/2011.
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231. USAID, response to SIGAR data call, 10/3/2011.
236. USAID, response to SIGAR data call, 10/3/2011.
238. USAID, response to SIGAR data call, 10/3/2011.
239. USAID, response to SIGAR data call, 10/3/2011.
240. USAID, response to SIGAR data call, 10/3/2011.
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257. USAID, response to SIGAR data call, 10/3/2011.
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293. DoS, response to SIGAR vetting, 4/14/2011.


318. USAID, response to SIGAR data call, 10/6/2011.
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350. EC, List of Airlines Banned within the EU, 4/21/2011.
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Cover Captions (clockwise from the left):

An Afghan police officer reads aloud from a Pashtu-English dictionary as part of a literacy program funded by U.S. reconstruction funds. The goal of the Afghan National Police is for all personnel to be literate by 2016.
(ISAF photo)

A medical team fixes a broken leg at the ANA Regional Military Hospital at Camp Shaheen in Balkh province. Members of Regional Support Command-North and a Swedish anesthesiologist provided operating room support alongside Afghan medical personnel.
(U.S. Navy photo, Chief MC Michael Ard)

The governor of Kandahar stands in a marijuana field on September 5 just before it was destroyed. This quarter, interdiction operations continued throughout the country, including the largest-ever seizure of opium and other narcotics by Afghan and coalition forces on September 26 in Helmand province.
(ISAF photo)

Children cross a river on a newly constructed bridge in Paktiya province on August 28. Built by the Afghan government and the Paktiya PRT, the 50-meter suspension bridge gives neighboring villagers safe access to the district center, clinic, religious school, and bazaar in Waze Zadran.
(U.S. Air Force photo, 1st Lt. Cammie Quinn)