FRAUD, WASTE, OR ABUSE MAY BE REPORTED TO SIGAR'S HOTLINE

By phone: Afghanistan
Call: 0700107300
DSN: 318-237-3912 ext. 7303
All voicemail is in Dari, Pashto, and English.

By phone: United States
Toll-free: 866-329-8893
DSN: 312-664-0378
All voicemail is in English and answered during business hours.

By fax: 703-601-4065
By e-mail: sigar.hotline@mail.mil

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.


(For a list of the congressionally mandated contents of this report, see Section 3.)
I am pleased to submit to Congress, and the Secretaries of State and Defense, SIGAR’s 27th quarterly report on the status of the U.S. reconstruction effort in Afghanistan. While challenges remain, this quarter saw positive developments in several areas where SIGAR has worked to improve reconstruction activities.

As a result of a SIGAR investigation that uncovered corruption in the award of a nearly $1 billion, multi-year Afghan Ministry of Defense (MOD) fuel contract, SIGAR has developed a relationship with the new Afghan national-unity government that promises to create unique opportunities for us to help them fight corruption. The breakthrough came after SIGAR and the Combined Security Transition Command-Afghanistan (CSTC-A) briefed President Ashraf Ghani on February 1, 2015, that four contractors had engaged in price-fixing, bid-rigging, and bribery prior to the award of the MOD fuel contract, criminally increasing its cost to the Afghan government and the American taxpayer by more than $214 million.

Following the briefing, President Ghani immediately suspended the MOD officials involved in the fuel contract award, cancelled the entire contract, warned the contractors involved of possible debarment, and assigned an independent Afghan investigator to look into the award of the MOD fuel contract, as well as that of an additional 11 MOD contracts for other commodities. Such rapid and decisive action sends a strong signal in a country routinely rated as one of the world’s most corrupt.

Since then, SIGAR staff and I have met with President Ghani and Chief Executive Officer Abdullah Abdullah to discuss ways in which SIGAR can help the Afghan government improve its oversight of U.S. reconstruction funds, especially those provided or transferred directly to the control of Afghan ministries (“on-budget”). This is significant since the United States and its allies have promised to provide an increasing amount of funding to Afghanistan on-budget through the Tokyo Mutual Accountability Framework.

SIGAR investigators and CSTC-A are now working closely with President Ghani’s advisors to investigate allegations of misconduct. At President Ghani’s request, SIGAR is also working with the International Organization of Supreme Audit Institutions to facilitate the training of Afghan auditors. In addition, SIGAR investigators are preparing fraud-awareness briefings for the staff of the government’s new National Procurement Commission so they can more easily identify common indicators of contract fraud and corruption. All of this is encouraging.

Due to the issue’s integral role in direct assistance, this quarterly report examines the challenges facing the Department of Defense (DOD) as it attempts to determine the total force strength of the Afghan National Security Forces (ANSF), currently reported to number 328,805 personnel. The end-strength numbers of the ANSF should serve as one important measure of whether the $65.2 billion the United States has invested in the ANSF has succeeded in building a national army and police force capable of securing the country and thwarting terrorists. Yet a SIGAR audit report released this quarter of the Afghan National Army’s (ANA) personnel and payroll data, as well as an audit released in January of the Afghan National Police’s (ANP) personnel and payroll data, found no assurance that these data are accurate.
We are encouraged that CSTC-A has responded positively to our recommendations. However, in our view, DOD needs to ensure that General John F. Campbell, Commander of the Resolute Support Mission, and Major General Todd T. Semonite, Commander of CSTC-A, have adequate resources if they are to continue to provide this kind of focused and aggressive oversight. Likewise, the State Department needs to ensure that Ambassador P. Michael McKinley and the U.S. Agency for International Development (USAID) have the resources they need to do the same.

In other work this quarter, SIGAR issued 26 financial audits, performance audits, inspections, letters, and other reports examining the reconstruction effort.

One financial audit questioned approximately $135 million in costs billed to the U.S. government by Jorge Scientific Corporation (now reorganized and rebranded under Imperatis Corporation) to implement the Legacy East project. The purpose of the project was to provide highly specialized counterinsurgency intelligence experts to mentor and train the ANSF. To date, SIGAR’s financial audits have identified nearly $241.8 million in questioned costs and $287,163 in unremitted interest on advanced federal funds or other amounts payable to the government.

A performance audit found that the U.S. government lacked a unified strategy for developing Afghanistan’s mineral, oil, and natural gas industries. DOD’s Task Force for Business and Stability Operations (TFBSO) and USAID did not coordinate their efforts. Moreover, the lack of sustainability planning for U.S. projects means that Afghanistan’s extractive industries may not reach their full economic potential any time soon.

SIGAR also published three inspection reports. At the $7.7 million Gorimar Industrial Park built by USAID, a lack of electricity and missing USAID contract files prevented SIGAR from fully assessing whether construction met contract requirements and technical specifications. An inspection of Shorandam Industrial Park was similarly hindered by a lack of electricity and lack of USAID contract files, and, at the time of the inspection, due to the presence of the U.S. military, only one business was active at the industrial park, which was planned to accommodate 48 businesses. Since the U.S. military’s withdrawal from the site, 13 businesses have reportedly committed to moving in, with four operational as of February 2015. A third inspection found that the ANA slaughterhouse project in Pol-i-Charkhi was never fully constructed, and that the contract was terminated due to poor contractor performance and because an existing slaughterhouse could meet the ANA’s needs.

SIGAR’s Investigations Directorate recovered $1.1 million for the U.S. government from fines, restitutions, and forfeitures. SIGAR investigations also resulted in three arrests, five criminal informations, seven convictions, four sentencings, and the exclusion of two individuals from access to U.S. military installations in Afghanistan. SIGAR initiated 29 new investigations and closed 36, bringing the total number of ongoing investigations to 324. Savings to date from SIGAR investigations total over $571.6 million.

Another positive development occurred in an area I have discussed in my last eight quarterly reports: the need to suspend or debar supporters of the insurgency to prevent U.S. reconstruction funds from being used to further destabilize Afghanistan. Beginning this quarter, the majority of the 43 individuals and entities that SIGAR referred to the U.S. Army have been publicly listed in the General Services Administration’s (GSA) System for Award Management, providing a readily accessible notice to contracting officers and prime contractors that the listed individuals and entities should be restricted from receiving contracts, grants, and cooperative agreements. This change is a result of legislation recently passed by Congress, SIGAR’s audit recommendations, and coordination between SIGAR’s suspension and debarment program and DOD. The result is a workable process
that provides notice of exclusions from contracting based on support to insurgents and terrorists. While the change represents progress, it still leaves unscathed a significant portion of the individuals or entities that SIGAR has concluded should be debarred or suspended from receiving government contracts. SIGAR will continue to press to have all such individuals or entities added to GSA's list.

In this reporting period, cumulative U.S. appropriations for Afghanistan reconstruction grew by $2.3 billion to nearly $109.8 billion. The higher total includes State and USAID FY 2015 draft allocations for Afghanistan which were recently submitted to Congress for final approval. Meanwhile, $14.9 billion remains in the pipeline to be spent, and new initiatives such as USAID's $216 million Promote program to empower Afghan women and the $800 million “New Development Partnership” were recently announced. This is a vast amount of money, and a number of extremely important and complicated new programs that will continue to need effective management and oversight in an ever-dangerous environment.

As the drawdown of U.S. personnel from Afghanistan proceeds, SIGAR remains the largest single U.S. law-enforcement and oversight presence in the country with 42 U.S. positions, supported by local Afghan staff. In Afghanistan as well as here in Arlington, all of us are dedicated to SIGAR's mission of preventing and detecting waste, fraud, and abuse of reconstruction funds, and promoting economy, efficiency, and effectiveness in the administration of reconstruction programs and operations. We look forward to continuing to work with Congress and our other stakeholders to protect U.S. taxpayer funds and ensure our reconstruction effort succeeds at this most important moment in our 14-year effort in Afghanistan.

Respectfully,

John F. Sopko
Special Inspector General for Afghanistan Reconstruction
This report provides a summary of SIGAR’s oversight work and an update on developments in the three major sectors of Afghanistan’s reconstruction effort from January 1 to March 31, 2015.* It also includes a commentary on the need to improve the reliability of numbers reporting on Afghan security forces. During this reporting period, SIGAR published 26 audits, inspections, letters, and other reports assessing the U.S. efforts to build the Afghan security forces, improve governance, and facilitate economic and social development. These reports identified a number of problems, including a lack of accountability, failures of planning, and construction deficiencies. The monetary results from SIGAR’s ongoing investigations totaled over $1.1 million from criminal fines, restitutions, and forfeitures. SIGAR investigations also resulted in three arrests, seven convictions, five criminal informations, four sentencings, and the exclusion of two individuals from U.S. military installations. SIGAR’s suspension and debarment program experienced a major breakthrough this quarter, as the majority of the 43 individuals and entities that SIGAR referred to the Army have been publicly listed in the General Services Administration’s System for Award Management, providing a readily accessible notice to contracting officers and prime contractors that the listed individuals and entities should be restricted from receiving contracts, grants, and cooperative agreements. Additionally, SIGAR referred 22 individuals and 22 companies for suspension or debarment based on allegations that they engaged in fraud and non-performance in contracts.

SIGAR OVERVIEW

AUDITS
SIGAR produced one audit letter, two performance audits, five financial audits, and three inspections. The audit letter addressed:
- SIGAR’s final assessment of the use of incinerators and burn pits in Afghanistan.

The performance audits found:
- The processes the Afghan National Army (ANA) and Ministry of Defense (MOD) use to collect and report personnel and payroll data have weaknesses and insufficient oversight, making it difficult to ensure that U.S. direct-assistance funds are being used to pay authorized personnel their correct salaries.
- The U.S. government does not have a unified strategy to develop Afghanistan’s potentially multi-billion-dollar extractives industry, that the U.S. Embassy Kabul did little to coordinate interagency activities aimed at developing Afghanistan’s extractive industries, and that although Ministry of Mines and Petroleum (MOMP) officials have developed some technical, legal, and commercial knowledge, MOMP still lacks the technical capacity to research, award, and manage new contracts without external support.

The financial audits identified a record of over $135.1 million in questioned costs as a result of internal-control deficiencies and noncompliance issues. These deficiencies and noncompliance issues included, among other things, failure to retain supporting documentation for nearly $130 million of a subcontractor’s costs, excess funds retained after the conclusion of a cooperative agreement’s closeout period, lack of compliance with DOD regulations for arming employees, failure to follow competitive procurement procedures, costs incurred after the end of an award’s period of performance, inadequate justifications for sole-source procurements, ineligible travel costs, and purchase of potentially unnecessary and unenforceable Defense Base Act (DBA) insurance (DBA insurance coverage does not apply to recipients of grants and cooperative agreements except in certain circumstances).

The inspection reports of U.S.-funded facilities found:
- A lack of electricity and contract files from the U.S. Agency for International Development (USAID) at the $7.7 million Gorimar Industrial Park prevented SIGAR from fully assessing whether construction met contract requirements and technical specifications.

* SIGAR may also report on products and events occurring after March 31, 2015, up to the publication date.
• A similar lack of electricity and USAID contract files at Shorandam Industrial Park hindered SIGAR's inspection. At the time of the inspection, due to the presence of the U.S. military, only one business was active at the industrial park, planned to accommodate 48 businesses. Since the U.S. military's withdrawal from the Shorandam Industrial Park site, 13 businesses have reportedly committed to moving in, with four operational as of February 2015
• The ANA slaughterhouse project in Pol-i-Charkhi was never fully constructed, and that the contract was first suspended, then terminated, due to poor contractor performance and the decision that an existing slaughterhouse could meet the ANA's needs

NEW AUDITS AND INSPECTIONS
This quarter, SIGAR initiated two new performance audits to assess USAID’s efforts to support and improve Afghanistan’s healthcare sector and the Department of Defense’s (DOD) procurement, maintenance, and oversight of ANSF organizational clothing and individual equipment. SIGAR also initiated two new inspections of the women’s dormitory at Herat University and of Bagrami Industrial Park.

SPECIAL PROJECTS
During this reporting period, the Office of Special Projects issued 14 products, including a referral letter, fact sheets, and inquiry letters addressing issues including:
• SIGAR’s ongoing review of the Task Force for Business and Stability Operations (TFBSO)
• The analysis underlying the current and future size and structure of the Afghan National Security Forces (ANSF)
• Apparently significantly wasteful tank-truck offload facility construction at current and former U.S. military bases in Afghanistan
• Afghanistan’s ability to assess and collect customs revenue
• SIGAR analysis of DOD’s data submission on contract obligations, which could only account for $21 billion (whereas DOD has received $65 billion in appropriations)
• The status of the requested preservation of TFBSO records

• USAID’s Promote program
• The Afghan budget shortfall
• Resolute Support Mission’s efforts to ensure the effectiveness and sustainability of the ANSF
• The availability of reliable and sustainable electric power for Kandahar City
• SIGAR analysis of the use of Commander’s Emergency Response Program funds in Afghanistan

INVESTIGATIONS
During the reporting period, SIGAR investigations saved the U.S. government more than $1.1 million in fines, restitutions, and forfeitures. Criminal investigations resulted in three arrests, seven convictions, five criminal informations, four sentencings, and the exclusion of two individuals from U.S. military installations in Afghanistan. SIGAR initiated 29 new investigations and closed 36, bringing the total number of ongoing investigations to 324. SIGAR’s suspension and debarment program referred 22 individuals and 22 companies for suspension or debarment.

Investigations highlights include:
• A former U.S. military member was sentenced for a fuel-theft scheme and ordered to pay over $422,000 in restitution.
• A U.S. National Guard sergeant pled guilty to conspiracy to receive and accept bribes.
• Two U.S. military members pled guilty to conspiracy to commit bribery and money laundering in connection with fuel loss.
• An Afghan national was arrested for bribery after being summoned to the Afghan Attorney General’s Office (AGO).
• Two people were sentenced for conspiracy to commit money laundering.
• An Afghan national was convicted for embezzling over $530,000 and ordered to pay restitution of $539,173.
• An Afghan national was arrested by the AGO on suspicion of fraud.
• A former U.S. Air Force captain pled guilty to a two-count criminal information.
• The discovery of fuel theft led to an Afghan national being barred from a military installation.
# TABLE OF CONTENTS

## SECTION 1

1 QUESTIONABLE ANSF NUMBERS
- Overview
- Getting Good Numbers for the ANSF Matters
- Errors Complicate Numbers Reporting
- ANA Numbers Are Flawed from the Outset
- ANP Numbers Process Is Also Weak
- ANSF Reporting Can And Must Improve
- Accurate Numbers Are Vital, But Don’t Tell All
- Mission Success Requires Reliable Numbers

## SECTION 2

17 SIGAR OVERSIGHT
- Audits
- Inspections
- Special Projects
- Lessons Learned
- Investigations
- Other SIGAR Oversight Activities This Quarter
- SIGAR Budget
- SIGAR Staff

## SECTION 3

61 RECONSTRUCTION UPDATE
- Overview
- Status of Funds
- Security
- Governance
- Economic and Social Development
SECTION 4

185 OTHER AGENCY OVERSIGHT

187 Lead Inspector General for Operation Freedom’s Sentinel Appointed
188 Completed Oversight Activities
194 Ongoing Oversight Activities

APPENDICES & ENDNOTES

202 Appendix A: Cross-Reference of Report to Statutory Requirements
208 Appendix B: U.S. Funds for Afghanistan Reconstruction
210 Appendix C: SIGAR Written Products
216 Appendix D: SIGAR Investigations and Hotline
222 Appendix E: Announcement of Lead IG for Operation Freedom’s Sentinel
227 Appendix F: Acronyms
233 Endnotes
“With the U.S. government and the international community planning to continue funding ANA salaries for several more years, it is crucial that DOD and the MOD improve their ability to verify the accuracy of ANA personnel numbers and salary disbursements.”

—SIGAR Audit Report 15-54-AR
1. QUESTIONABLE ANSF NUMBERS
QUESTIONABLE ANSF NUMBERS
THICKEN FOG OF WAR IN AFGHANISTAN

OVERVIEW

Numbers matter. They can be used to gauge progress in health, human rights, economic development, and education. In Afghanistan, some numbers have a life-and-death weight to them. The end-strength numbers of the Afghan National Security Forces (ANSF) should serve as one important measure of whether the $65.2 billion the United States has invested in the ANSF has succeeded in building a national army and police force capable of securing the country and thwarting terrorists.

Yet this year, SIGAR has issued two audit reports that highlight the challenges the United States faces in gathering reliable information about the total size of the ANSF, reported as of February 20, 2015, to number 328,805 personnel. A new SIGAR audit of the Afghan National Army’s (ANA) personnel and payroll data, as well as one released in January of the Afghan National Police’s (ANP) personnel and payroll data, found no assurance that these data are accurate.

Without reliable data on ANSF strength, the United States cannot determine whether the billions it has spent on recruiting, training, equipping, and sustaining the ANSF since fiscal year (FY) 2002 has been spent properly, or accurately calculate what additional funding may be needed.

Accurate counts of troops present for duty are also vital to commanders at all levels as a basic indicator of ability to carry out tactical and operational missions. These numbers also affect activities like recruiting, paying, equipping, training, housing, feeding, transporting, and otherwise sustaining units. Unit-strength and equipment numbers also feed directly into systems for assessing ANSF readiness and capability. Numbers provide a basis for budgeting and planning—including planning the pace of U.S. and other Coalition forces’ drawdown from Afghanistan.

SIGAR’s audit of ANA personnel data illustrates the cause for concern. A team of SIGAR auditors made unannounced visits to the headquarters of the Afghan National Army’s 207th Corps in Herat Province and the 209th Corps in Balkh Province, and the Afghan Air Force (AAF) air wing based in Kabul. The auditors collected information on 134 service personnel present
QUESTIONABLE ANSF NUMBERS

for duty. Of these, the identities of only 103 could be verified against ANA personnel data. One in nine had no ANA identification card. Of 35 persons present at Balkh, only 23 had an ANA ID card, and five were not listed in the ANSF human-resources data base.¹

The auditors also found inconsistent use of daily rosters, lack of verification of personnel numbers, unsupervised paper-based and manually submitted data systems, weak controls, and Afghan ministry failures to submit financial records to the U.S. military, among other difficulties. In addition to inviting and obscuring waste of money, such deficiencies can create destructive ripple effects in integrity, effectiveness, loyalty, morale, public support, and other factors that affect the likelihood of developing and sustaining a strong Afghan security force.

Another risk factor is that as the United States reduces its military and civilian personnel in Afghanistan, it is becoming increasingly difficult for SIGAR and other federal agencies to conduct in-person checks of ANSF personnel data or make direct observation of other activity. The United States will be forced to rely even more heavily on Afghan self-reporting for most personnel numbers. SIGAR’s audit of the ANA found that this means “increasingly limited visibility” over data collection and “significant risk” of waste and abuse of salary payments to the ANSF²—not to mention the risk of adverse impacts on the outlook for mission success.

GETTING GOOD NUMBERS FOR THE ANSF MATTERS

As of February 2015, the combined assigned strength of the ANA and the AAF was reported as 167,024, plus 7,096 civilian employees. ANP strength was reported as 154,685.³ The army and air force are controlled by the Afghan Ministry of Defense (MOD), the police by the Afghan Ministry of Interior (MOI).⁴
The reported strength numbers of the ANSF represent a remarkable effort by the United States, other donors, and Afghanistan since December 2002, when the ANSF did not exist.

End-strength targets have expanded over time. In December 2002, Afghan and international-donor countries including the United States agreed at the Bonn II conference in Germany that the initial goal for the ANA would be 70,000 personnel, including civilian employees and MOD personnel; the target for the national police was later set at 62,000 personnel. Current end-strength targets for the ANSF are 195,000 plus 8,004 civilian employees for the ANA and the AAF, and 157,000 for the ANP, for a total of 360,004, or 352,000 net of civilians. As most recently reported to SIGAR, the ANSF now stands at more than 90% of target end-strength.

Reliable numbers from the ANSF are important for several reasons:
• They are one indicator of the Afghan government’s ability to sustainably defend the country against the Taliban insurgency, provide domestic security for the population, and prevent terrorist groups like al-Qaeda from staging new attacks from Afghan soil.
• Security-force numbers can reflect changes in popular support that affect issues like ANSF recruitment, morale, retention, desertion, attrition, and other factors that bear on the outlook for long-term success.
• Planning and building up a security force necessitates increasing requirements in financial disbursements, recruiting efforts, barracks and other facilities, training and equipment, medical care, administrative processes, and internal controls. Managing those processes depends in large part on solid personnel numbers.
• Because Afghanistan cannot afford a large security force, most of the costs of recruiting, paying, equipping, training, moving, supplying, and otherwise sustaining the ANSF have been paid by the United States. More than $65 billion of the approximately $109.8 billion appropriated by Congress for Afghan reconstruction since FY 2002 has been for support of Afghan security forces. ANSF numbers directly affect the budget requirements for these functions.
• Afghan efforts to move ANSF assigned strengths toward end-strength target levels affect U.S. and Coalition planners’ decisions on the pace of international withdrawals of troops and capabilities while working to attain security objectives.

However, the ANSF is not the only area of reconstruction where SIGAR and other oversight agencies have encountered faulty data in Afghanistan. SIGAR quarterly reports, audits, inspections, special projects, and investigations have documented gaps, inaccuracies, fraud, poor recordkeeping, and questionable practices in matters ranging from fuel purchases and school enrollments to contract management and financial-information systems.
All those matters and others require attention and action. But the success of the entire reconstruction mission depends on the capability and performance of the ANSF. Unfortunately, obtaining accurate data on the ANSF has been difficult, data verification is challenging, and data reliability appears likely to deteriorate.

**ERRORS COMPLICATE NUMBERS REPORTING**

In February 2015, NATO’s Resolute Support Mission in Afghanistan advised SIGAR that the ANSF strength numbers provided between April and October 2014 were incorrect due to an “accounting error.” After the accounting error was discovered in September, the U.S. military had given corrected numbers to the Department of Defense (DOD) for its reporting to Congress, but not to SIGAR until after its January 2015 quarterly report had been published.6

In February 2015, SIGAR issued a supplement to its January 2015 quarterly report that included the recently provided, corrected 2014 quarterly data for ANSF strengths while noting some long-standing problems with accountability and personnel tracking.7 For example, SIGAR’s October 2014 quarterly report showed that for 10 previous reporting quarters, the U.S. military had reported civilians as part of ANA force strength six times, but excluded them four times, even though DOD’s Inspector General (DOD IG) in a 2012 audit of the ANA payroll process had called counting civilians a risk because it could overstate costs and cause overfunding.8 The DOD IG’s audit also reported, among other issues, weak internal controls, lack of written procedures, and classification and arithmetic errors, and use of summary data that made errors in details unidentifiable.9

At other times, SIGAR has observed that reported numbers for ANA “echelons above corps” were calculated as a result of formula-based calculations on a spreadsheet, not as an input of actual observation and reporting.10 As discussed in the Security section of this report, SIGAR has also raised concerns that certain components of the ANP could have been double counted, and the United States Forces-Afghanistan’s (USFOR-A) initial report on ANP numbers for this quarter had a grand total that exceeded the sum of its parts by 728 positions.

The recently revised ANA strengths, including air force and civilian employees, reported to SIGAR by USFOR-A and published in the February 2015 supplement, showed a decline from 184,839 in February 2014, to 169,203 in November. The decline amounted to more than 15,000 personnel—roughly equivalent to a full Afghan army corps. The ANA has only six corps (plus one division in Kabul), so a decline of this magnitude necessarily has repercussions in recruitment needs, force management, readiness assessment, and operational planning.
One source of difficulty in getting accurate numbers for Afghan soldiers lies in the fact that the U.S. military must rely on reports compiled by another organization in another language for a ministry in another government. And however well-intentioned and diligent Afghan officials may be, their impoverished, battle-scarred country presents other challenges to effective recordkeeping, including high illiteracy, low access to electricity, limited computerization of processes, and inadequate numbers of skilled technicians.

A March 2015 memo from USFOR-A to SIGAR says “the authoritative source” for ANA strength data is the MOD’s Afghan Personnel Accounting and Strength Report (PASR). That data is converted to a report known as the PERSTAT, “which is easier to use by English speakers, but unfortunately can be subject to error when transposed from the Afghan PASR.” The two sources “on rare occasions” show different numbers for the same reporting month, requiring analysts to cross-check data-formula spreadsheet cells in the two reports.\textsuperscript{11}

SIGAR is encouraged that the U.S. military is making efforts to improve its ability to collect, assemble, and report reliable data on Afghan forces. We commend their efforts. But no matter how diligent and effective those efforts may be, the quality of the end product depends heavily on the raw-data input. And that is a problem.

As the USFOR-A memo notes, the Resolute Support Mission is working with the Afghans to expand use of an automated information-management system, but “the reporting system for Afghan Security Forces personnel is still largely manual”—relying, that is, on piles of paper.\textsuperscript{12}

Paper-based record systems are fertile grounds for recording errors, transcription errors, compilation errors, loss of records, and misconduct. But SIGAR’s audits demonstrate that those are not the only risk factors that should raise questions about data accuracy and about possible impacts on mission success. Unfortunately, SIGAR and other oversight agencies have observed that the Afghan government is unlikely to field a comprehensive and effective electronic-information system in the near future, given the country’s lack of electricity, widespread illiteracy, and shortage of revenues.

**ANA NUMBERS ARE FLAWED FROM THE OUTSET**

To identify risks to U.S. funds related to ANA payroll requirements, SIGAR’s Audits and Inspections Directorate reviewed documents dating back to 2004 and conducted field inspections and document samplings at Kabul, Herat, and Mazar-e-Sharif in Afghanistan.

The resulting report, released in April 2015 and summarized in the SIGAR Oversight section of this quarterly report, found that “The ANA’s process for collecting unit-level attendance data, upon which all ANA personnel and
payroll data is based, has limited [Afghan] oversight and weak controls, and is not consistently applied across ANA locations.”

The SIGAR auditors observed, among other things:

- The Afghan MOD, the U.S. Combined Security Transition Command—Afghanistan (CSTC-A), and the Essential Function 4 staff of NATO’s Resolute Support Mission all lack written procedures for determining the accuracy of ANA personnel and payroll data.
- Roster reports are manually transmitted to ANA data aggregators, manually transmitted to the MOD, then manually transmitted to CSTC-A and NATO.
- Payroll data are manually transmitted to ANA compilers, manually transmitted to ANA corps aggregators, then manually transmitted to Ministry of Finance regional offices and the MOD finance staff.
- The ANA payroll system “consists of 160,000 pages of handwritten payroll records.”
- The Afghan Ministry of Finance’s data system requires manual entry, is not linked to other systems, and does not record payments to individual soldiers.
- Some daily rosters had only check marks—apparently made by a single individual—beside soldiers’ names rather than their signatures, as officially required.
- Neither U.S. nor MOD officials observe roster signings, verify them, or reconcile them against other data.
- CSTC-A had no standardized, documented data-verification or reconciliation procedures for NATO personnel to follow as they took on responsibilities for the Resolute Support Mission. One U.S. advisor told SIGAR’s auditors he used previous reports and his familiarity with ANA units to spot anomalies, but the auditors caution that “the use of ad hoc, informal procedures . . . might not be effective or replicable.”

Given the weaknesses of the underlying data and the limited Afghan oversight of its collection, the new SIGAR audit concludes, “the U.S. government cannot verify how the Afghan government is spending the hundreds of millions of dollars in direct assistance it is given annually to pay for ANA personnel salaries.”

That is a major concern: from 2009 through the end of 2014, the United States has contributed $2.3 billion to pay ANA salaries and incentives. These payments are expected to continue through 2017 and possibly longer, so possible consequences of the persistent reporting weaknesses include under- or overpaying Afghan personnel for honest service, and paying for dead, deserted, or nonexistent soldiers kept on rolls by error or intention—whether to augment a superior’s pay or to enable a dead soldier’s family to go on collecting pay in lieu of a death benefit. In addition, the lack of a fully automated system to report and track personnel and payroll data means
errors and inconsistencies will continue, “and the data will remain subject to manipulation.”17

The weaknesses summarized in SIGAR’s audit of ANA, combined with the continuing drawdown of U.S. and other Coalition personnel, portend even less visibility into personnel and pay data collection and reporting. As a result, the auditors warn:

   The U.S. government will become even more reliant on the MOD’s ability to verify the accuracy of the ANA personnel and payroll data it collects. Unless the MOD develops the capability to ensure and verify the accuracy of this data, there is a significant risk that U.S. funding for ANA salaries will be wasted or abused.18

Beyond the financial-accountability and stewardship concerns, continuing weaknesses in the numbers-collection process will undermine the ability of the ANSF to plan and execute military operations.

   CSTC-A’s response to SIGAR’s audit of ANA personnel and payroll data said the command is “aware of the systemic problems and is committed to fixing the problems that have existed over the years.”19 CSTC-A Commander Major General Todd T. Semonite said in a memo that CSTC-A is coordinating with the Resolute Support Mission to help establish an integrated personnel and pay system, “the best technical approach to resolve human errors, inefficiencies, poor record management, unverifiable data, mismanagement and/or corruption.” While agreeing that accurate and verifiable data are important, the general noted that changes in the mission and structure of Coalition forces in Afghanistan mean the drive for tighter oversight must be Afghan-led, that Afghan ministries need to enforce existing policies better, and that an integrated system likely cannot be operational before April 2017. He added that CSTC-A and Resolute Support Mission advisors “will place additional controls in the [Afghan FY] 1395 financial commitment letter to strengthen personnel verification and internal audit control.”

CSTC-A’s comments recognize the difficulties of obtaining reliable numbers on the ANSF. However, they also indicate that the multi-billion-dollar U.S. financial support of Afghan security forces will have continued for 15 years by the time an integrated personnel and payroll information system is finally in place.

Turning to the other main component of the ANSF, the Afghan National Police, SIGAR auditors reported earlier this year that similar disturbing weaknesses also persist there.

**ANP NUMBERS PROCESS IS ALSO WEAK**

Despite the $16-plus billion the United States has spent on the ANP since 2002, SIGAR auditors concluded in their January 2015 audit that “There is still no assurance that personnel and payroll data are accurate.”20
Some ANP data problems resemble those observed in the new SIGAR audit of the Afghan army: a largely paper-based system, little oversight, difficult verification, lack of documented verification procedures, inconsistent use, errors in records, missing ID cards, and inadequate computerized systems with thousands of erroneous or incomplete records.

As with the ANA, these are not new problems. The audit report cites a 2006 assessment by the DOD and State Department inspectors general that ANP numbers were inflated and that “there is no personnel accounting system in place.”

Auditors found the only control on ANP attendance was a requirement that personnel sign a roster every day. But ANP provincial officials said there were no daily sign-ins for the ordinary patrolmen who constitute about half the force. Instead, their presence is indicated only in officers’ manual entries for daily food requirements. Personnel get a cash stipend to buy food each day, so the auditors caution that “a lack of controls could incentivize commanding officers to falsify their attendance to obtain this stipend.”

SIGAR’s auditors also reviewed two issues that affect the ANP but not the army.

First, nearly 20% of ANP personnel are at risk of not receiving their full pay because they are paid by an MOI-appointed “trusted agent” with little oversight or documentation. CSTC-A officials told SIGAR that corruption in the trusted-agent system might be costing affected police as much as 50% of their pay.

Second, the auditors reported a lack of detail, documentation, and consistency in monitoring work by the agent for the United Nations Development Programme (UNDP), which oversees funds for police salaries channeled through the Law and Order Trust Fund for Afghanistan, or LOTFA. The result could be substantial over-reporting of the extent of ANP personnel verification. The United States is the largest single donor to LOTFA.

CSTC-A, the UNDP, and the MOI are responsible for verifying ANP personnel and payroll data, but SIGAR’s auditors judged those entities’ verification efforts “ad hoc and uncoordinated,” so that there has been no comprehensive verification of ANP data. CSTC-A officials said staff shortages prevented them from conducting required full audits or obtaining all documents MOI is supposed to submit. The audit also notes that CSTC-A officials confirmed that “over the past year they accepted, without question, all personnel totals provided by the MOI.”

As with the ANA, the reduction in U.S. and Coalition forces has reduced U.S. day-to-day direct oversight of the ANP. Consequently, the U.S. military increasingly relies on the MOI's self-reported numbers and on the UNDP’s oversight of LOTFA distributions. “Unless the MOI develops the capability to ensure and verify the accuracy of ANP personnel and payroll data,” SIGAR’s audit warns, “there is a significant risk that a large portion of the
more than $300 million in annual U.S. government funding for ANP salaries will be wasted or abused.”

CSTC-A’s comments on the draft of SIGAR’s ANP audit were responsive and detailed. The command acknowledged problems with data collection and verification, and described a variety of countermeasures and improvements. Among other things, CSTC-A noted that: its new commitment letter with the MOI provides for 5% funding cuts any time a milestone for ANP reporting progress is missed; MOI committed to 100% matching of personnel to records in its human-resources database; a new CSTC-A division will establish controls and monitor integration of MOI’s payment, human-resource, and financial-management systems; and the UNDP’s management of LOTFA will face funding cuts unless reporting from its ANP-monitoring agents improves. Once fully implemented, these steps could be very helpful.

Meanwhile, aside from the threat to good stewardship of U.S. tax dollars, the risk of substantial waste and abuse of ANP salaries can have ripple effects on perceptions of corruption, legitimacy of the Afghan government, and force morale. As with the ANA, such effects can ultimately affect security personnel’s willingness to stand and fight. Matters of money and mission cannot be separated.

ANSF REPORTING CAN AND MUST IMPROVE

SIGAR’s 2015 audits of ANA and ANP data reporting have similar recommendations for improvement: requiring daily sign-ins, increasing presence of oversight personnel, requiring Afghan ministries to complete fully functional automated systems with controls, and implementing a formal system to verify personnel and payroll data. In addition, the ANP audit addresses the need for better oversight of MOI’s trusted-agent system and for the UNDP’s agent that monitors LOTFA disbursements.

The command’s supportive response suggests that CSTC-A is moving quickly to solve the problems. CSTC-A noted in its comments to the ANP audit that its commitment letter signed with the MOI includes conditions that could reduce U.S. funding if personnel identification, data collection, and verification measures do not reach stated targets.

As the U.S. ground presence in Afghanistan shrinks, as American and allied public and political support for large-scale aid declines, and as U.S. attention shifts to other threats, the importance of having accurate data to inform decisions on the ANSF’s financial and operational requirements will become ever more apparent.
ACCURATE NUMBERS ARE VITAL, BUT DON’T TELL ALL

Accurate ANSF personnel counts are essential to planning and budgeting, and to serve as one input to unit assessments. But numbers of personnel and equipment are not exhaustive or conclusive predictors of operational success. In June 2014, for example, an Islamic State force of about 800 soldiers with no heavy weapons apparently routed two U.S.-trained and -equipped Iraqi army divisions numbering about 30,000 soldiers, leading to the capture of Iraq’s northern city of Mosul. The outcome would not have been predictable based solely on data comparisons. Ethnic, tribal, and religious factors not captured in human-resources data banks or in military tables of organization and equipment may have been at play.

A U.S. Army War College paper offers the useful caveat that “Military power is more than just the aggregation of personnel, equipment, and weaponry. Leadership, morale, and discipline also remain vital factors of military power.” Citing another historical example, the paper adds, “Despite rough quantitative parity between the Iraqi military and the allied coalition, the dismal Iraqi performance in the Gulf War [of 1991] demonstrated the enduring relevance of those intangibles.” The U.S. Army’s official counter-insurgency manual makes a similar point: “In the case of counterinsurgency, quality tends to be more important than quantity.”

In testimony before Congress this quarter, the commander of U.S. Forces–Afghanistan also drew the contrast between tangible and intangible factors. General John F. Campbell told the Senate Armed Services Committee:

> While the conventional [ANSF] still have capability gaps and shortfalls, they do possess significant assets to fight the insurgents—e.g. heavy mortars, D-30s howitzers, armed Mi-17s, armored vehicles, etc.—and dedicated training with these platforms. The insurgents have none of these. However, the [ANSF] would greatly benefit from improved
leadership and increased confidence; [ANSF] soldiers and police perform well when they are well led. “There are no bad soldiers, only bad leaders.” That is why our insistence on sound leadership and strict accountability remains our most important guiding principle.\(^{32}\)

The general added, however, that Afghan forces’ performance has “highlighted capability gaps and shortfalls that will likely persist for years,” most critically in aviation, intelligence, special operations, and the ability to plan, program, budget, and manage human resources.\(^{33}\)

To its credit, the U.S. military has long devoted considerable effort to devising and applying schemes to measure the readiness and capabilities of Afghan forces. The Security sections of SIGAR quarterly reports have described these various efforts, conducted under acronyms like CM, CUAT, RASR, RASR-Lite, and now MAAR, or Monthly ANSF Assessment Report. The MAAR assessments produce ratings at corps or division level based on scores for command, leadership, combined-arms operations, command and control, personnel and training, and sustainment.\(^{34}\)

SIGAR has repeatedly expressed concerns about the limitations, shifting criteria, and possible grade-inflation incentives in ANSF capability-rating schemes. For example, a February 2014 SIGAR audit observed that under a September 2010 revision to the former Commander’s Unit Assessment Tool (CUAT), one criterion for an ANA unit’s achieving a high rating of “effective with advisors” was having more than 85% of authorized levels of critical equipment. In August 2011, that criterion was changed to 75% or more.

Meanwhile, the audit noted, the assessment process suffered from unclear guidance, disparities in quantities and quality of information, and inconsistencies in evaluations.\(^{35}\)

When dubious-quality numerical data feed into capability and readiness assessments that have themselves not always been consistently applied, there is a risk that defects in the original data will invisibly expand the margins of uncertainty in capability or readiness assessments, possibly leading to undeserved pessimism or unwarranted confidence.

Possible new concerns include the fact that the smaller in-country U.S. footprint will further limit the ability to observe, assess, and advise ANSF forces at the tactical levels where much counterinsurgency activity takes place. Going forward, the consequence is greatly reduced availability of non-quantitative, yet still important, information.

Whatever the rating scheme in use, some important elements of capability and effectiveness will be hard to measure even if they are included. As the Army’s counterinsurgency manual says, “Subjective and intuitive assessment must not be replaced by an exclusive focus on data or metrics.”\(^{36}\)

Adam Mausner, a specialist in Afghan and Iraqi security matters with the Center for Strategic and International Studies, has written on the difficulty of measuring loyalty, especially in a country like Afghanistan, where tribal and other networks vie for adherents; the effects of unit history; “hearts and
minds” skills like avoiding civilian casualties; and the impacts of corruption on morale and effectiveness. The reduced ability of American military professionals to add their first-hand narratives to quantitative information on ANSF units makes it all the more important that the numerical data be accurate.

Further, the results of measuring Afghan forces’ strength, equipment, and capability cannot be assessed in a vacuum. The essential follow-up question is, “Compared to what?” The other variable in the struggle for Afghanistan is the strength and capability of the insurgency. General Campbell told Senators that Afghan insurgents begin 2015 weakened, but not yet defeated. Politically, they have become increasingly marginalized. However, the Taliban remain a resilient, lethal force in spite of the fact that they accomplished none of their major strategic or operational objectives in 2014 and suffered considerable casualties. . . . It is unlikely that the Taliban will be able to overmatch the [ANSF] on the battlefield in 2015. Nonetheless, the Taliban will still endeavor to frame localized, tactical successes (albeit temporary) into strategic victories through the media.

Useful rating systems for assessing ANSF units are important tools for gauging the Afghan government’s prospects for battlefield success. Insurgents can, of course, pursue much of their agenda while avoiding pitched battles altogether, as by using improvised explosive devices, mines, suicide bombers, and assassinations to achieve political and public opinion goals that may not be attainable on the battlefield. A full analysis of ANSF capabilities for dealing with the full range of security threats requires solid quantitative data, informed judgments such as those supplied by American officers’ observations of results of Afghan tactical engagements and operations, and standardized use of unit-assessment tools.

MISSION SUCCESS REQUIRES RELIABLE NUMBERS
SIGAR and other federal oversight agencies have repeatedly pointed out failures to insist on accurate data collection, verifiable information, records preservation, transparency, and accountability in the processes used to measure the massive U.S. investment in ANSF personnel, weaponry, and sustainment. Those weaknesses—aggravated by short-term deployments of many U.S. personnel and inconsistent use of assessment tools that undermine consistency, erode institutional memory, invite incomplete documentation, and risk archival-data loss—place large portions of that investment at risk.

Mitigating that risk grows ever more difficult. Hundreds of U.S. and Coalition bases have closed, tens of thousands of international troops have left, and resource- and security-related constraints on travel in-country
continue to tighten for U.S. and other advisory and oversight personnel. Reliance on Afghan data sources and third-party monitors will grow.

Because both tangible and intangible components of ANSF unit strength, readiness, and capability are important, strenuous efforts to obtain more accurate, verifiable, and revealing data must continue. Yet whatever their documented level of staffing, training, equipment, and pay, soldiers can desert. Police can take bribes or overlook relatives’ and friends’ crimes. And outnumbered, outgunned smaller forces can and sometimes do defeat larger forces.

The pursuit of precise and vetted data should not foster overconfidence in the conclusiveness of any specific metric based on personnel and readiness numbers. As sociologist William B. Cameron wrote more than 50 years ago, “Not everything that can be counted counts, and not everything that counts can be counted.” Still, as a basis for judging the progress of the reconstruction mission in Afghanistan, accurate counting is a necessary, if not fully sufficient, condition for success.
“You can’t spend $104 billion dollars in such a small country and not have some success. But the question we’re really asking is ‘could we have done better? Could we have done more? Could we have had more success?’ And those are the issues we’re faced with.”

—Special Inspector General John F. Sopko
SIGAR
OVERSIGHT
SIGAR OVERSIGHT CONTENTS

Audits 21
Inspections 36
Special Projects 42
Lessons Learned 46
Investigations 47
Other SIGAR Oversight Activities 56
This Quarter
SIGAR Budget 59
SIGAR Staff 59

Photo on previous page
A hangar sits partially dismantled at a military base in Mazar-e-Sharif.
(SIGAR photo by Mike Foster)
This quarter SIGAR issued 26 audits, inspections, letters, and other products. SIGAR’s performance audits reviewed the processes the Afghan National Army (ANA) and Ministry of Defense (MOD) use to collect and report personnel and payroll data and the U.S. government’s efforts to build Afghanistan’s extractives industry, while its financial audits identified a record of over $135.1 million in questioned costs. Additionally, SIGAR’s suspension and debarment program had a major breakthrough this quarter in its efforts to prevent supporters of the insurgency from contracting with the government.

One of SIGAR’s performance audits found that the processes the ANA and MOD use to collect and report personnel and payroll data have weaknesses and insufficient oversight, making it difficult to ensure that U.S. direct assistance funds are being used to pay authorized personnel their correct salaries. A second performance audit reported that the U.S. government does not have a unified strategy to develop Afghanistan’s potentially multi-billion-dollar extractives industry, that the U.S. Embassy Kabul did little to coordinate interagency activities aimed at developing Afghanistan’s extractive industries, and that although Ministry of Mines and Petroleum (MOMP) officials have developed some technical, legal, and commercial knowledge, MOMP still lacks the technical capacity to research, award, and manage new contracts without external support.

SIGAR also issued an audit letter which detailed the agency’s final assessment of the use of incinerators and burn pits in Afghanistan. The assessment concluded that better planning and management for solid-waste disposal is needed, and could save U.S. taxpayers money in future contingency operations. SIGAR also determined that greater adherence to laws, regulations, and other guidance governing the use of open-air burn pits would help reduce health risks for U.S. personnel.

This quarter, SIGAR’s financial audits identified over $135.1 million in questioned costs as a result of internal-control deficiencies and noncompliance issues. To date, SIGAR’s financial audits have identified more than $241.8 million in questioned costs and $287,163 in unremitted interest on advanced federal funds or other amounts payable to the government. As of April 30, 2015, funding agencies had reached a management
decision on 35 audits and are seeking recovery of nearly $11.9 million in questioned amounts.

Additionally, SIGAR published three inspection reports. At the $7.7 million Gorimar Industrial Park, a lack of electricity and contract files from the U.S. Agency for International Development (USAID) prevented SIGAR from fully assessing whether construction met contract requirements and technical specifications.

SIGAR's inspection of Shorandam Industrial Park was similarly hindered by a lack of electricity and lack of USAID contract files, and, at the time of the inspection, due to the U.S. military presence, only one business was active at the industrial park, planned to accommodate 48 businesses. Since the U.S. military's withdrawal from the Shorandam Industrial Park site, 13 businesses have reportedly committed to moving in, with four operational as of February 2015.

A third inspection found that the ANA slaughterhouse project in Pol-i-Charkhi was never fully constructed, and that the contract was first suspended, then terminated, due to poor contractor performance and the decision that an existing slaughterhouse could meet the ANA's needs.

This quarter, SIGAR's Office of Special Projects issued two fact sheets, one of which analyzed contract-award data submitted from the Department of Defense (DOD), which accounted for $21 billion of the approximately $66 billion appropriated to DOD for Afghanistan reconstruction from FY 2002 to FY 2014. The second fact sheet analyzed the Commander's Emergency Response Program (CERP) projects in Afghanistan.

The Office of Special Projects also wrote to DOD, State, and USAID to request information in support of SIGAR's ongoing review of the Task Force for Business and Stability Operations (TFBSO), to inquire about the analysis underlying the current and future size and structure of the Afghan National Security Forces (ANSF), to express concerns about apparent wasteful construction at current and former U.S. military bases in Afghanistan, and the impact of projected decreases in Afghan customs revenue on the government's ability to meet budgetary obligations. Other letters inquired about USAID's ability to effectively implement, monitor, and assess the impact of its Promote women's empowerment program, the Afghan government's need for additional budget bailouts, the way the Resolute Support Mission (RSM) will measure the progress of its efforts to ensure the effectiveness and sustainability of the ANSF, the availability of reliable and sustainable electric power for Kandahar City, and the transfer of U.S. military bases to the ANSF.

During the reporting period, SIGAR recovered $1.1 million for the U.S. government from fines, restitutions, and forfeitures. SIGAR investigations also resulted in three arrests, five criminal informations, seven convictions, four sentencings, and the exclusion of two individuals from U.S. military installations in Afghanistan. SIGAR initiated 29 new investigations
and closed 36, bringing the total number of ongoing investigations to 324. Savings to date from SIGAR investigations total over $571.6 million. SIGAR’s suspension and debarment program referred 22 individuals and 22 companies for suspension or debarment from receiving U.S. government contracts. Four of these individuals were referred for suspension based upon criminal charges being filed against them for misconduct related to or affecting reconstruction contracting in Afghanistan. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 608, encompassing 326 individuals and 282 companies to date. Furthermore, beginning this quarter, the majority of the 43 individuals and entities that SIGAR referred to the Army have been publicly listed in the General Services Administration’s (GSA) System for Award Management (SAM), providing a readily accessible notice to contracting officers and prime contractors that the listed individuals and entities should be restricted from receiving contracts, grants, and cooperative agreements.

AUDITS
SIGAR conducts performance audits, inspections, and financial audits of programs and projects connected to the reconstruction in Afghanistan. Since its last report to Congress, SIGAR has issued two performance audits, three inspections, five financial-audit reports, and one audit letter. This quarter, SIGAR also began two new performance audits, bringing the total number of ongoing performance audits to 14. The published performance-audit reports examined the reliability of ANA personnel and payroll data and the success and sustainability of U.S. programs to develop Afghanistan’s extractives industries. The performance audits made a total of seven recommendations; the inspections made three. The financial audits identified over $135.1 million in questioned costs as a result of internal-control deficiencies and noncompliance issues.

Audit Letters
SIGAR issues audit letters to bring concerns to the attention of U.S. military and civilian officials. As SIGAR continues to build its body of work, SIGAR will issue audit letters summarizing its work and systematic issues the agency has identified. After issuing four individual inspection reports and alert letters covering the use of incinerators and burn pits throughout Afghanistan, SIGAR issued an audit letter detailing SIGAR’s final assessment of the use of incinerators and burn pits in Afghanistan.

Audit Letter 15-33-AL: Final Assessment of Incinerators and Burn Pits in Afghanistan
On February 10, 2015, SIGAR published its final assessment of what the agency has learned from its inspections of incinerators and burn pits in Afghanistan. Performance audits: provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence measured against stated criteria. Performance audits provide objective analysis so that management and those charged with governance can use the information to improve the program performance and operations, reduce costs, and facilitate decision-making by parties with responsibility to oversee or initiate corrective action for public accountability. Performance audits are conducted in accordance with generally accepted government auditing standards (GAGAS) and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Quality Standards for Federal Offices of Inspector General.

Inspections: are systematic and independent assessments of the design, implementation, and/or results of an agency’s operations, programs, or policies. SIGAR conducts inspections, in accordance with CIGIE Quality Standards for Inspection and Evaluation, to provide information to Congress and the public on the quality of construction of facilities and infrastructure throughout Afghanistan; and generally, to provide an assessment of the extent to which the facilities were constructed in accordance with the contract requirements, used as intended, and are being maintained.

Financial audits: provide an independent assessment of and reasonable assurance about whether an entity’s reported condition, results, and use of resources are presented in accordance with recognized criteria. SIGAR performs financial audits in accordance with GAGAS, which includes both requirements contained in the American Institute of Certified Public Accountants Statements on Auditing Standards and additional requirements provided in GAGAS. SIGAR also reviews financial audits conducted by independent public accountants (IPA). When an IPA conducts a financial audit, SIGAR conducts reasonable procedures to ensure compliance with GAGAS, based on the intended use of the IPA’s work and degree of responsibility accepted by SIGAR with respect to that work.
Since its 2001 arrival in Afghanistan, the U.S. military has needed to dispose of solid waste generated by personnel at installations throughout the country. The U.S. military eventually reached a peak of about 110,000 personnel in Afghanistan in 2011. Together, these individuals generated about 440 tons of solid waste each day, including plastics, dining-facility food, aerosol cans, electronic equipment, furniture, metal containers, tires, and batteries. During most of the first four years of contingency operations in Afghanistan, the U.S. military used open-air burn pits exclusively to dispose of its solid waste.

In 2004, DOD began introducing new solid-waste disposal methods in Afghanistan, including landfills and incineration. Although DOD knew about the risks associated with open-air burn pits long before contingency operations began in Afghanistan, it was not until 2009 that U.S. Central Command (CENTCOM) developed policies and procedures to guide solid-waste management, including requirements for operating, monitoring, and minimizing the use of open-air burn pits.

U.S. military personnel returning from Afghanistan have reported health problems that they contend came from their exposure to emissions from open-air burn pits on their installations. Recent health studies have raised concerns that the particulate matter and toxic smoke contaminated with lead, mercury, dioxins, and irritant gases generated by open-air burn pits could negatively affect an individual’s organs and body systems. In August 2010, CENTCOM reported there were 251 active open-air burn pits in Afghanistan, representing a 36.4% increase from just four months earlier.

In early 2010, U.S. Forces-Afghanistan (USFOR-A) reported having 20 solid-waste incinerator systems operational and 46 awaiting installation. In response to a SIGAR request for information on incinerators built with funds provided for military construction, CENTCOM identified nine installations, involving 23 incinerator systems paid for with these funds. The combined cost to purchase and install these incinerators was approximately $81.9 million.

From October 2012 through July 2014, SIGAR conducted inspections at four of the nine installations containing incinerators built with military construction funds—Camp Leatherneck in Helmand Province, Forward Operating Base (FOB) Salerno in Khowst Province, FOB Sharana in Paktika Province, and Shindand Airbase in Herat Province. This report is based on SIGAR’s previous inspection reports dealing with solid-waste disposal in Afghanistan, with the intention to assess the planning, management, and oversight of the incinerator contracts and construction that led to the non-operation or limited operation of incinerators for solid-waste disposal and the continued use of open-air burn pits.

SIGAR concluded that better planning and management for solid-waste disposal is needed before the next contingency operation. Furthermore, SIGAR determined that holding contractors and government contracting...
officers accountable for completing projects according to contract requirements could save U.S. taxpayers money in future contingency operations. SIGAR also points out that greater adherence to laws, regulations, and other guidance governing the use of open-air burn pits would help reduce health risks for U.S. personnel.

For DOD, planning would lessen the burden of issues that need to be addressed when the conflict starts. For U.S. military and civilian personnel, planning would limit the time needed to rely on open-air burn pits and, therefore, the amount of time they would be exposed to the potentially harmful effects associated with their emissions. For the U.S. taxpayer, better planning would lessen the risk of funds being wasted on facilities that are built and never used.

Performance Audit Reports Published
This quarter SIGAR published two performance audits that examined the reliability of ANA personnel and payroll data and the success and sustainability of U.S. programs to develop Afghanistan’s extractives industries.

Audit 15-54-AR: Afghan National Army
Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data
Since 2009, the U.S. government has provided more than $2.3 billion to pay the salaries and incentives of the ANA, which includes the Afghan Air Force. In January 2015, Essential Function 4, a component of the new North Atlantic Treaty Organization (NATO) Resolute Support Mission, reported 169,203 personnel assigned to the ANA, filling 87% of the force’s 195,000 authorized positions as of September 30, 2014. The MOD and the ANA collect personnel and payroll data, while RSM’s Essential Function 4 is required to support the MOD in maintaining transparent processes to collect and verify this data. CSTC-A, which carried out this task before RSM stood up, continues to be responsible for overseeing U.S. direct assistance provided to the MOD to fund ANA salaries. As discussed in this quarterly report’s Section 1 essay, accurate ANA personnel and payroll data are essential to ensure the security and stability of the country.

The objectives of this audit were to assess (1) the processes by which CSTC-A, Essential Function 4, and the Afghan government collect personnel and payroll data for ANA personnel assigned and present-for-duty; (2) how CSTC-A, Essential Function 4, and the Afghan government store, access, transfer, and use this data; and (3) the extent to which CSTC-A, Essential Function 4, and the Afghan government verify and reconcile ANA personnel and payroll data in order to determine the accuracy of the data.

Despite 13 years and billions of dollars in salary assistance to the Afghan government for the ANA, there is still no assurance that personnel and payroll data are accurate. Although the U.S. and Afghan governments have
been working to develop effective ANA personnel and payroll processes, those processes continue to exhibit extensive internal-control deficiencies.

SIGAR found that Essential Function 4 (and prior to January 2015, CSTC-A), relies on the MOD and ANA to collect and accurately report ANA personnel and payroll data. However, the ANA’s process for collecting unit-level attendance data, upon which all ANA personnel and payroll data is based, has limited oversight and weak controls, and is not consistently applied across ANA locations. There are no requirements that supervisory ANA officials observe attendance data collection at lower level units. CSTC-A officials are not present during the attendance process, and command officials told SIGAR that they have limited knowledge of and influence over the process. The only control in place at the unit level to ensure accurate ANA attendance reporting on a day-to-day basis—a roster that individual ANA personnel sign daily—was not consistently used across ANA locations. For example, officers used the roster, but enlisted personnel did not. This lack of control over enlisted-personnel attendance provides minimal assurance that unit commanders are accurately reporting personnel attendance. These weaknesses in the ANA attendance data-collection process could result in personnel being paid for days not worked, with or without knowledge of supervisory personnel.

CSTC-A, Essential Function 4, and the MOD use both manual processes and electronic systems to store, access, transfer, and use ANA personnel and payroll data. However, weaknesses within these processes and systems provide limited assurance that ANA personnel receive correct salaries. SIGAR found that the Afghanistan Human Resource Information Management System—the ANA’s human-resources system that CSTC-A has been implementing since 2010—lacks certain electronic data-system functions and controls, such as the ability to differentiate between active and inactive personnel, and track ANA personnel by position and identification number. In addition, MOD does not have an electronic payroll-data system for determining ANA salaries, but instead calculates salaries by hand. Further, the Afghan government’s financial-management system, the Afghan Financial Management Information System, contains only aggregated ANA salary expenditures, not individual salary payments.

SIGAR found that the MOD, CSTC-A, and Essential Function 4 lack documented procedures for determining the accuracy of ANA personnel and payroll data. The MOD’s ANA Attendance and Reporting Policy lacks specific procedures for confirming personnel and payroll data; MOD officials confirmed that the MOD’s ANA data-verification processes are informal, and are conducted without written standards or procedures. Similarly, SIGAR found Essential Function 4 and CSTC-A had no direct oversight of ANA personnel data and took few actions to verify the accuracy of personnel figures reported by the MOD. The verification efforts CSTC-A reported undertaking were ad hoc, and often based on specific officials’
undocumented familiarity with the data and the MOD's reporting. Further, CSTC-A has minimal oversight of U.S. direct assistance funding for ANA salaries, making it difficult for the command to ensure that the funds are being used to pay authorized ANA personnel their correct salaries. Despite CSTC-A's own requirements to ensure ministries receiving direct contributions—including the MOD—maintain adequate fiscal controls and auditable records, SIGAR found that the command has not been receiving required submissions of MOD financial records and conducted only two audits of MOD operations since January 2013. These audits uncovered instances of personnel being paid without serving in authorized ANA positions and lacking conclusive identification.

As U.S. and Coalition forces continue to draw down, the U.S. government will have increasingly limited visibility over ANA data-collection processes. As a result, the U.S. government will become even more reliant on the MOD's ability to verify the accuracy of the ANA personnel and payroll data it collects. Unless the MOD develops the capability to ensure and verify the accuracy of this data, there is a significant risk that U.S. funding for ANA salaries will be wasted or abused.

SIGAR recommends that the Commander, USFOR-A—in coordination with the NATO Resolute Support Mission and the MOD, as appropriate—(1) implement additional controls on the daily, unit-level attendance process, such as mandating that all ANA personnel sign in and out daily, requiring the use of identification numbers in the attendance process, and having oversight personnel present to observe and verify this process by December 2015; (2) ensure that, by April 2017, the MOD is using a fully operational electronic system(s) to track and report all ANA personnel and payroll data at the corps level and above, calculate ANA salaries, and ensure that these systems have controls in place to prevent internal errors, external inconsistencies, and manipulation; (3) develop and implement, by July 31, 2015, a verification plan that details procedures by which the MOD will verify ANA personnel and payroll data; and (4) develop written procedures to document required steps for verifying ANA data, by July 1, 2015, that include risk-based procedures for conducting physical verification activities at ANA locations, and procedures for reconciling all available ANA data after each disbursement, including attendance, personnel, and payment data, and salary-payment confirmations.

**Audit 15-55-AR: Afghanistan’s Extractives Industries**

**$500 Million in U.S. Funding Is at Risk**

The U.S. government estimates Afghanistan contains sizeable reserves of minerals, oil, and natural gas. Afghanistan’s mineral deposits are valued at about $900 billion; its reserves of oil and natural gas could be worth more than $220 billion. Given the size and importance of Afghanistan’s mineral and hydrocarbon (oil and natural gas) reserves, the U.S. government
has operated a number of initiatives designed to develop the extractive industries in Afghanistan. The objectives of this audit were to (1) describe the TFBSO initiatives and USAID programs that were intended to support the development of Afghanistan's extractive industries, (2) identify the approaches and strategies guiding U.S. government support for Afghanistan’s extractive industries since 2009, and (3) determine the extent to which these TFBSO and USAID initiatives incorporated sustainability planning and identified challenges, if any, to the successful sustainment of these industries.

Since 2009, DOD’s TFBSO and USAID have provided assistance to directly support Afghanistan’s extractive industries. TFBSO documents state that it administered 11 initiatives aimed at developing Afghanistan’s extractive industries and implemented these efforts through contracts, purchase orders, and interagency agreements totaling $282 million. In 2013, in support of developing Afghanistan’s mining industry, USAID implemented the Mining Investment and Development for Afghan Sustainability (MIDAS) program. For the hydrocarbons industry, USAID established two broad initiatives in 2011, the Sheberghan Gas Generation Activity (SGGA) and the Sheberghan Gas Development Program (SGDP). For this audit, SIGAR did not examine the SGDP program, which is being reviewed by the USAID Office of Inspector General. USAID implemented these three programs through contracts with combined obligations for these activities of $206 million.

SIGAR found that the U.S. government did not have a unified strategy to develop Afghanistan’s extractive industries. Instead, TFBSO and USAID pursued divergent approaches. TFBSO had no multi-year plans or strategies for its initiatives to develop Afghanistan's extractive industries, nor did it establish written guidance for project-selection criteria, metrics and project documentation, or project monitoring and evaluation. In contrast, SIGAR found that USAID’s MIDAS program identified areas of Afghanistan's minerals sector that needed assistance, articulated a strategy for development in the Afghan minerals sector, and laid out a clear set of criteria for selecting potential areas for investment by USAID. Nevertheless, SIGAR found that the MIDAS team has not adequately communicated its development strategy and goals to all the relevant stakeholders at the MOMP. The SGGA program is similarly guided by documented strategies for developing Afghanistan’s hydrocarbons sector.

In addition to the lack of an overall strategy, the U.S. Embassy Kabul did little to coordinate interagency activities aimed at developing Afghanistan’s extractive industries. Embassy officials stated that coordinating with TFBSO was a challenge because the embassy officials lacked policymaking authority and effectively had little influence over TFBSO. One senior TFBSO official stated that the Task Force viewed coordination with embassy officials as a “courtesy” rather than a requirement, and that they answered to the DOD chain of command, not the Ambassador. Officials
SIGAR OVERSIGHT ACTIVITIES

from USAID, State, and TFBSO all stated that they had met with each other in the past to discuss current and planned activities. However, they all agreed that these meetings were perfunctory and that coordination efforts had all but fallen apart by the time TFBSO activities in Afghanistan concluded in December 2014. SIGAR’s review revealed that weaknesses in TFBSO’s information-sharing efforts identified by the Government Accountability Office in 2011 remained largely unchanged.

SIGAR found that although MOMP officials have developed some technical, legal, and commercial knowledge under TFBSO and USAID assistance, representatives from the U.S. government, Afghan government, and civil-society organizations all agree that MOMP still lacks the technical capacity to research, award, and manage new contracts without external support. According to TFBSO, USAID, and MOMP officials, the MOMP does not have the technical capacity to handle medium- or large-scale tenders, or competitions for public contracts, without support from outside advisors. In addition, representatives from civil-society organizations have expressed concern that MOMP and other Afghan government entities do not have the authority or capacity to fulfill their regulatory roles in the extractive industries and may wither in the absence of donor engagement.

Subsection 1535(b) of the Ike Skelton National Defense Authorization Act for FY 2011, Pub. L. No. 111-383, 124 Stat. 4137, 4427, required DOD, State, and USAID to jointly develop and submit to Congress a plan for transition of TFBSO activities in Afghanistan to State or USAID. Although the transition plan submitted to Congress in May 2012 outlined objectives necessary for successful transfer of activities from TFBSO to USAID, the agencies never identified specific transition procedures for particular projects. This lack of coordination was in large part due to the facts that TFBSO’s projects were all scheduled to terminate prior to its withdrawal from Afghanistan in December 2014, and that USAID and State were not interested in sustaining those projects. As a result, no U.S. agency that will remain in Afghanistan has any plans to provide continued monitoring, evaluation, or support for TFBSO extractive initiatives.

USAID’s MIDAS, SGDP, and SGGA programs focusing on the development of minerals and hydrocarbon resources have not created plans to ensure the sustainability of these programs by the Afghan government. Instead, USAID officials told SIGAR that MIDAS staff will begin sustainment planning for MIDAS in April 2016. Similarly, USAID’s SGGA contract documents do not identify plans for the end of its programmatic life. According to USAID officials, the agency is reviewing a contract modification to enable the extension of the SGGA program past its current end date of March 31, 2015.

To ensure TFBSO’s investments in developing the Afghan extractive industries are sustainable, following the conclusion of TFBSO activities in Afghanistan, SIGAR recommends (1) that the USAID Administrator conduct a review and document the incomplete TFBSO projects that have been
SIGAR OVERSIGHT ACTIVITIES

transferred to the MOMP and, to the extent feasible, assist in the conclusion of those projects that fit within the USAID development strategy and the agency’s ongoing programs; (2) that the Secretary of Defense consider assessing and documenting the economic impact and final status of each TFBSO initiative intended to develop Afghanistan’s extractive industries and provide these assessments to State, USAID, and the appropriate congressional committees; and (3) that the USAID Administrator require ECC, the MIDAS implementing partner, to update the MIDAS performance management plan by August 1, 2015, to include plans for the sustainment and transfer of its activities.

New Performance Audits Announced This Quarter
This quarter SIGAR initiated two new performance audits. They will assess USAID’s efforts to support and improve Afghanistan’s healthcare sector and DOD’s procurement, maintenance, and oversight of ANSF organizational clothing and individual equipment.

USAID’s Efforts to Support and Improve Afghanistan’s Healthcare Sector
Since 2002, USAID has obligated over $1.5 billion in on- and off-budget assistance to rebuild Afghanistan’s healthcare sector and to enhance the quality of healthcare services available to the Afghan people. USAID’s on-budget assistance to the Afghan Ministry of Public Health includes funding for salary payments to personnel working in U.S.-funded healthcare facilities, supplies and equipment, in-service training, minor renovations of facilities, and monitoring and supervision of resources. Off-budget assistance includes funding for activities to strengthen healthcare systems, engage the private sector, and procure pharmaceuticals and contraceptives. USAID reports that its efforts have resulted in significant improvements in adult life expectancy and decreases in infant and child mortality rates. However, World Bank health statistics differ vastly from those cited by USAID.

This audit will review USAID’s efforts to support and improve Afghanistan’s healthcare services. Specifically, SIGAR plans to: (1) identify USAID’s programs or initiatives to improve healthcare in Afghanistan since 2010; (2) evaluate the extent to which USAID assessed the overall impact of its efforts to support and improve healthcare in Afghanistan; and (3) assess the extent to which USAID collects, verifies, and reconciles healthcare data to determine its accuracy.

Accountability for ANSF Organizational Clothing and Individual Equipment
CSTC-A works with the Afghan government to order operational clothing and individual equipment (OCIE) for use by ANA and Afghan National Police (ANP) personnel. This includes items such as uniforms, field jackets,
boots, helmets, individual body armor, and sleeping bags. To date, CSTC-A has requested over $1 billion for the initial issue and replacement of OCIE that is no longer serviceable.

CSTC-A uses the Foreign Military Sales process, administered by the Defense Security Cooperation Agency (DSCA), to purchase OCIE. The DOD Inspector General reported in 2009 and 2012 that there was a lack of accountability for OCIE equipment within the ANA, with Afghan soldiers allegedly losing or selling their OCIE while on leave, as well as a failure by CSTC-A to develop adequate sustainment requirements for 15 types of individual equipment items, including helmets and body armor. Maintaining records and accountability for both new and existing OCIE is critical to ensuring that the equipment is used by authorized personnel for its intended purposes, particularly given the number of “insider attacks” on Afghan and Coalition forces by assailants disguised in ANSF uniforms.

This audit will focus on DOD’s procurement, maintenance, and oversight of ANSF OCIE. Specifically, SIGAR will evaluate (1) the data and assumptions CSTC-A used for determining OCIE requirements for the ANA and ANP, and the extent to which those requirements reflected ongoing OCIE replacement needs resulting from troop attrition, equipment damage or loss, and regular wear and tear; (2) the effectiveness of DOD’s oversight during the solicitation, award, and execution of the contracts to procure and maintain OCIE for the ANA and ANP; and (3) the extent to which CSTC-A and the Afghan government have developed and implemented processes and controls to account for OCIE that has been provided to the ANA and ANP.

Financial Audits
SIGAR launched its financial-audit program in 2012, after Congress and the oversight community expressed concerns about oversight gaps and the growing backlog of incurred-cost audits for contracts and grants awarded in support of overseas contingency operations. SIGAR competitively selects independent accounting firms to conduct the financial audits and ensures that the audit work is performed in accordance with U.S. government auditing standards. Financial audits are coordinated with the federal inspector-general community to maximize financial-audit coverage and avoid duplication of effort.

This quarter, SIGAR completed five financial audits of U.S.-funded contracts to rebuild Afghanistan. SIGAR also announced 13 new financial audits of DOD, State, and USAID awards with combined incurred costs of more than $889 million, bringing the total number of ongoing financial audits to 37 with over $3.6 billion in auditable costs, as shown in Table 2.1. These audits help provide the U.S. government and the American taxpayer reasonable assurance that the funds spent on these awards were used as intended. The audits question expenditures that cannot be substantiated or are potentially unallowable.

### TABLE 2.1

<table>
<thead>
<tr>
<th>SIGAR’S FINANCIAL AUDIT COVERAGE ($ BILLIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>42 Completed Audits</td>
</tr>
<tr>
<td>37 Ongoing Audits</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded. Coverage includes auditable costs incurred by recipients of U.S.-funded Afghanistan reconstruction contracts, grants, and cooperative agreements.

Source: SIGAR Audits and Inspections Directorate.
SIGAR issues each financial-audit report to the funding agency that made the award(s). The funding agency is responsible for making the final determination on questioned amounts identified in the report's audit findings. Since the program's inception, SIGAR's financial audits have identified nearly $241.8 million in questioned costs and $287,163 in unremitted interest on advanced federal funds or other amounts payable to the government. As of April 30, 2015, funding agencies had reached a management decision on 35 completed financial audits and are seeking recovery of nearly $11.9 million in questioned amounts. It takes time for funding agencies to carefully consider audit findings and recommendations. As a result, agency management decisions remain to be made for several of SIGAR's issued financial audits. SIGAR's financial audits have also identified and communicated 170 compliance findings and 202 internal-control findings to the auditees and funding agencies.

SIGAR's financial audits have four specific objectives:

- **Express an opinion on whether the Special Purpose Financial Statement for the award presents fairly, in all material respects, revenues received, costs incurred, items directly procured by the U.S. government, and balance for the period audited in conformity with the terms of the award and generally accepted accounting principles or other comprehensive basis of accounting.**
- **Evaluate and obtain a sufficient understanding of the audited entity's internal control related to the award; assess control risk; and identify and report on significant deficiencies including material internal control weaknesses.**
- **Perform tests to determine whether the audited entity complied, in all material respects, with the award requirements and applicable laws and regulations; and identify and report on instances of material noncompliance with terms of the award and applicable laws and regulations.**
- **Determine and report on whether the audited entity has taken adequate corrective action to address findings and recommendations from previous engagements.**

A list of completed, new, and ongoing financial audits can be found in Appendix C of this quarterly report.

**Financial Audits Published**

This quarter, SIGAR completed five financial audits of U.S.-funded contracts and cooperative agreements to rebuild Afghanistan. These financial audits identified more than $135.1 million in questioned costs as a result of internal-control deficiencies and noncompliance issues. These deficiencies and noncompliance issues included, among other things, failure to retain supporting documentation for nearly $130 million of a subcontractor's costs, excess funds retained after the conclusion of a cooperative

**Questioned amounts:** the sum of potentially unallowable questioned costs and unremitted interest on advanced federal funds or other amounts payable to the government.

**Questioned costs:** costs determined to be potentially unallowable. The two types of questioned costs are ineligible costs (violation of a law, regulation, contract, grant, cooperative agreement, etc., or an unnecessary or unreasonable expenditure of funds) and unsupported costs (those not supported by adequate documentation or proper approvals at the time of an audit).

**Special Purpose Financial Statement:** a financial statement that includes all revenues received, costs incurred, and any remaining balance for a given award during a given period.
agreement’s closeout period, lack of compliance with DOD regulations for arming employees, failure to follow competitive procurement procedures, costs incurred after the end of an award’s period of performance, inadequate justifications for sole-source procurements, ineligible travel costs, and purchase of potentially unnecessary and unenforceable Defense Base Act (DBA) insurance (DBA insurance coverage does not apply to recipients of grants and cooperative agreements except in certain circumstances).

**Financial Audit 15-32-FA: Department of the Army’s Freedom of Maneuver Project**

**Audit of Costs Incurred by A-T Solutions Inc.**

On September 28, 2012, the Army Contracting Command awarded an $18.3 million contract to A-T Solutions Inc. (A-T Solutions) to implement the Freedom of Maneuver (FOM) program. The purpose of the program was to remedy gaps in counter-improvised explosive device training provided to the Afghan National Security Forces. The FOM program was intended to improve the Afghans’ ability to defeat improvised explosive devices by researching and spreading the use of enhanced methods and concepts, ranging from using handheld sensors to employing new procedures and tactics. SIGAR’s financial audit, performed by Davis and Associates Certified Public Accountants PLLC (Davis) reviewed $16,472,668 in expenditures charged to the contract from September 28, 2012, through November 27, 2013.

Davis identified no significant deficiencies or material weaknesses, and one instance of noncompliance with the terms and conditions of the contract. The Performance Work Statement for this contract did not require A-T Solutions’ employees to be armed; A-T Solutions stated that its employees were armed for their personal protection. Clause 952.225-0001 of the Joint Contracting Command-Iraq/Afghanistan Acquisition Instruction, Arming Requirements and Procedures for Personal Security Services Contractors and for Requests for Personal Protection, governs requests by contractors to carry weapons for personal protection. DOD contractors, who are armed in Afghanistan, must abide by these requirements. However, A-T Solutions did not follow all of the requirements stipulated in this DOD regulation because it was unaware that it was subject to them. For example, A-T Solutions did not obtain the appropriate approval or file the required documentation, including the monthly arming status reports, with the contracting officer’s representative.

Davis identified $3,473 in total questioned costs, all of it consisting of ineligible costs—costs prohibited by the contract, applicable laws, or regulations. Davis did not identify any unsupported costs—costs not supported with adequate documentation or that did not have required prior approval.

Davis did not identify any prior reviews or assessments that could have a material effect on the Special Purpose Financial Statement.
Davis issued a disclaimer of opinion on A-T Solution’s Special Purpose Financial Statement because A-T Solutions did not provide a management representation letter. Management representations are required to ensure the completeness and accuracy of the information provided during audit fieldwork. Without management’s representation, Davis was unable to determine if all information had been made available to its auditors.

Based on the results of the audit, SIGAR recommends that the Army Contracting Command:

1. Determine the allowability of and recover, as appropriate, $3,473 in questioned costs identified in the report.
2. Advise A-T Solutions to address the report’s one noncompliance finding.


Audit of Costs Incurred by Tetra Tech DPK

On July 16, 2012, USAID awarded a contract with an initial cost of $3 million for a 90-day base period to Tetra Tech DPK to continue USAID’s efforts to develop the rule of law in Afghanistan. The Rule of Law Stabilization Program–Formal Component (RLS-F) supported two pillars of the U.S. government’s Rule of Law Strategy: (1) building capacity and addressing corruption within the justice sector, and (2) building the leadership capacity of the justice sector and civil society. To support these aims, RLS-F focused on building the capacity of the judiciary and law schools, strengthening public awareness, and continuing practical skills training and continuing legal education. After 10 modifications, the total estimated cost of the contract was increased to $22,581,128, and the period of performance extended to September 14, 2014. SIGAR’s financial audit, performed by Crowe Horwath LLP (Crowe Horwath), reviewed $22,291,592 in expenditures charged to the contract from July 16, 2012, through September 14, 2014.

Crowe Horwath did not identify any material weaknesses or significant deficiencies in Tetra Tech DPK’s internal controls, nor any instances of material noncompliance with laws, regulations, or the terms and conditions of the contract.

Crowe Horwath did not identify any questioned costs, which would have included unsupported costs—costs not supported with adequate documentation or that did not have the required prior approval—and ineligible costs—costs prohibited by the agreement, applicable laws, or regulations.

Crowe Horwath did not identify any prior reviews or assessments that pertained to Tetra Tech DPK’s implementation of the RLS-F or were material to the Special Purpose Financial Statement.

Crowe Horwath issued an unmodified opinion on Tetra Tech DPK’s Special Purpose Financial Statement, noting that it presents fairly, in all
material respects, revenues received, costs incurred, and the balance for the period audited.

Crowe Horwath did not report any findings related to the Rule of Law Stabilization Program–Formal Component. Therefore, SIGAR is making no recommendations to the USAID Mission Director for Afghanistan.

Financial Audit 15-43-FA: Department of the Army’s Legacy East Project
Jorge Scientific Corporation’s Lack of Supporting Documentation Results in about $135 Million in Questionable Project Costs
On October 21, 2011, the Army Contracting Command awarded a $50 million contract to Jorge Scientific Corporation (Jorge Scientific)—now reorganized and rebranded under Imperatis Corporation (Imperatis)—to implement the Legacy East project. The purpose of the project was to provide highly specialized counterinsurgency intelligence experts to mentor and train the ANSF. The project also provided for hiring bilingual cultural advisors and developing Afghanistan-specific instruction in counterinsurgency operations to strengthen Afghanistan’s capacity to combat terrorist and insurgent networks. After subsequent modifications, the total estimated cost of the contract was increased to $191,135,945, though the actual contract expenditures were approximately $15 million less than that estimated cost. SIGAR’s financial audit, performed by Crowe Horwath reviewed $175,873,361 in expenditures charged to the contract from October 21, 2011, through March 15, 2014.

Crowe Horwath identified two material weaknesses, one significant deficiency, and three instances of noncompliance with the terms and conditions of the contract. Jorge Scientific did not retain sufficient supporting documentation for a subcontractor’s costs; as a result, the auditors were not able to determine if the costs claimed were incurred, allocable, and complied with the appropriate cost principles. Jorge Scientific also did not comply with federal procurement policies. Specifically, Jorge Scientific did not provide support for a competitive procurement process for three subcontracts totaling almost $5 million. As a result, Jorge Scientific could not demonstrate that these costs were reasonable, and the U.S. government may not have obtained the best value for goods and services procured. Additionally, Jorge Scientific improperly billed the U.S. government for fixed fees beyond the amount authorized by the contract. Although Jorge Scientific returned the excess fees it collected, the U.S. government lost $36,634 in interest.

As a result of these internal control deficiencies and instances of noncompliance, Crowe Horwath identified $134,552,665 in total questioned costs, all of it consisting of unsupported costs—costs not supported with adequate documentation or that did not have required prior approval. Crowe Horwath did not identify any ineligible costs—costs prohibited by
the contract, applicable laws, or regulations. The auditors also determined that the U.S. government lost $36,634 in interest because Jorge Scientific billed for more funds than required.

Crowe Horwath did not identify any prior reviews or assessments that could have a material effect on the Special Purpose Financial Statement.

Crowe Horwath issued a disclaimer of opinion on Jorge Scientific’s Special Purpose Financial Statement because Jorge Scientific could not provide sufficient documentation supporting a subcontractor’s incurred costs.

For the entire scope of this audit, Jorge Scientific was the contractor. In 2013, Jorge Scientific was reorganized and rebranded under Imperatis. As a result, SIGAR’s recommendations refer to Imperatis, which is now responsible and accountable for addressing any findings related to Jorge Scientific’s work. Based on the results of the audit, SIGAR recommends that the Army Contracting Command:

1. Determine the allowability of and recover, as appropriate, $134,552,665 in questioned costs identified in the report.
2. Collect $36,634 in unremitted interest from Imperatis.
3. Advise Imperatis to address the report’s three internal-control findings.
4. Advise Imperatis to address the report’s three noncompliance findings.

Financial Audit 15-52-FA: USAID’s Higher Education Project Audit of Costs Incurred by University of Massachusetts

On February 23, 2011, USAID awarded a cooperative agreement with an initial cost of $9.9 million to the University of Massachusetts (UMass) to continue USAID’s previous work supporting the Afghanistan Higher Education Project (HEP). The project was intended to accomplish the following: (1) restart activities previously accomplished under HEP; (2) increase the Ministry of Higher Education’s management capabilities; (3) support professional development of university faculty; (4) maintain the Afghan Master’s in Education program at Kabul Education University; and (5) redesign and develop curriculum for undergraduate and graduate Public Policy and Administration programs. After 14 modifications, the total cost of the cooperative agreement was increased to $18,723,387. SIGAR’s financial audit, performed by Crowe Horwath, reviewed $18,723,387 in expenditures charged to the agreement from February 23, 2011, through February 28, 2014.

Crowe Horwath identified four material weaknesses, one significant deficiency in internal controls, and four instances of noncompliance with the terms and conditions of the cooperative agreement. For one of the internal control weaknesses, UMass was unable to provide adequate support for a competitive procurement process for over $430,000 in subcontracts. As a result, UMass could not demonstrate that these costs were reasonable, and the U.S. government may have been overcharged. In addition, UMass improperly billed the U.S. government for $131,507 more than the amount required for program costs. Lastly, UMass purchased a Defense Base Act
(DBA) insurance policy using USAID award funds. DBA insurance does not cover cooperative agreements, and Crowe Horwath questioned $109,664 in UMass’ DBA-related costs.

As a result of these internal control deficiencies and instances of non-compliance, Crowe Horwath identified $560,699 in total questioned costs, consisting of $519,005 in unsupported costs—costs not supported with adequate documentation or that did not have required prior approval—and $41,694 in ineligible costs—costs prohibited by the agreement, applicable laws, or regulations. The auditors also determined that the U.S. government lost $1,778 in interest because UMass billed for more funds than required.

As part of the audit, Crowe Horwath obtained and reviewed prior audit reports and other assessments related to UMass’ work on the Afghanistan Higher Education Project. Crowe Horwath identified one compliance review commissioned by USAID. USAID considered the review to be closed with no corrective actions required of UMass. Accordingly, Crowe Horwath determined that no additional corrective action was required pertaining to prior findings.

Crowe Horwath issued a modified opinion on UMass’ Special Purpose Financial Statement because UMass recorded incurred costs for salaries and fringe benefits to an incorrect cost category. Additionally, UMass was unable to provide documentation to fully quantify the amounts in error. Because of these errors, Crowe Horwath was unable to determine the amount of adjustments needed to correct the Special Purpose Financial Statement.

Based on the results of the audit, SIGAR recommends that the USAID Mission Director for Afghanistan:

1. Determine the allowability of and recover, as appropriate, $560,699 in questioned costs identified in the report.
2. Collect $1,778 in unremitted interest from UMass.
3. Advise UMass to address the report’s five internal-control findings.
4. Advise UMass to address the report’s four noncompliance findings.


Audit of Costs Incurred by Management Systems International

On March 14, 2012, USAID issued a task order with an initial cost of $5 million and an 18-month base period to Management Systems International (MSI) to implement the Measuring Impact of Stabilization Initiative (MISTI). The main objective of MISTI was to provide independent performance monitoring verification and evaluation for the USAID Mission for Afghanistan’s stabilization program. After eight modifications, the total estimated cost of the task order was increased to nearly $22 million, and the period of performance was extended to March 13, 2015. SIGAR’s financial audit, performed by Crowe Horwath, reviewed $7,212,834 in expenditures charged to the award from March 14, 2012, through September 13, 2013.
Crowe Horwath identified two significant deficiencies in internal control and two instances of noncompliance with the terms and conditions of the task order. Combined, the deficiencies in internal control and instances of non-compliance resulted in two findings relating to cash management procedures and financial reporting. Crowe Horwath did not note any instances of fraud or abuse during the audit.

Crowe Horwath did not identify any questioned costs, which would have included unsupported costs—costs not supported with adequate documentation or that did not have the required prior approval—and ineligible costs—costs prohibited by the agreement, applicable laws, or regulations. However, Crowe Horwath determined that MSI drew down more funds than required in order to meet cash needs, resulting in a $46 loss in interest to the U.S. government.

Crowe Horwath did not identify any prior reviews or assessments that pertained to MSI’s implementation of the Measuring Impact of Stabilization Initiative or were material to the Special Purpose Financial Statement.

Crowe Horwath issued an unmodified opinion on MSI’s Special Purpose Financial Statement, noting that it presents fairly, in all material aspects, revenues received, costs incurred, and the balance for the indicated period audited.

Based on the results of the audit, SIGAR recommends that the USAID Mission Director for Afghanistan:

1. Collect $46 in interest from MSI.
2. Advise MSI to address the report’s two internal-control findings.
3. Advise MSI to address the report’s two noncompliance findings.

**Inspections**

**Inspection Reports Published**

This quarter SIGAR published three inspection reports. Two reports detailed inspections of industrial parks, one in Gorimar and one in Shorandam, both of which were hindered by a lack of USAID contract files and a lack of electricity at the facilities. A third inspection found that the ANA slaughterhouse project in Pol-i-Charkhi was never fully constructed, and that the contract was first suspended, then terminated, due to poor contractor performance and the decision that an existing slaughterhouse could meet the ANAs needs.

**Inspection 15-30-IP: Gorimar Industrial Park**

Lack of Electricity and Water Have Left this $7.7 Million U.S.-Funded Industrial Park Underutilized by Afghan Businesses

On May 24, 2004, USAID awarded a $10 million contract to Technologists Inc. (TI), based in Falls Church, Virginia, for the development of three...
industrial parks, including the $7.7 million Gorimar Industrial Park in Balkh Province. The industrial parks were being built to promote economic growth and create employment opportunities for the local population.

TI’s initial contract called for it to oversee solicitations and bids for the design, construction, and maintenance of the industrial parks. However, a contract modification called for TI to complete the infrastructure for Gorimar Industrial Park, rather than to simply oversee solicitations and bids.

In July 2008, following project completion, USAID transferred Gorimar Industrial Park to the Afghan Investment Support Agency (AISA), the Afghan government agency responsible for developing and expanding tenant businesses at and managing all industrial parks in Afghanistan. In the transfer document, USAID stated that all systems installed by TI at the industrial park had been tested and determined to be fully functional, and that AISA staff had been trained to operate and maintain those systems. AISA estimated that businesses would create more than 900 jobs at Gorimar Industrial Park by the end of 2015.

For this inspection of Gorimar Industrial Park, SIGAR assessed whether (1) construction was completed in accordance with contract requirements and applicable construction standards, and (2) the industrial park was being used as intended.

During a May 2014 site visit, SIGAR found that construction of all major infrastructure components had been completed, and observed no major construction issues. However, due to USAID’s lack of contract documentation and the lack of electrical power at the industrial park, SIGAR could not fully assess whether construction met contract requirements and technical specifications.

SIGAR also found that as of May 2014, nearly six years after USAID handed over Gorimar Industrial Park to the Afghan government, only four of 22 possible businesses—less than 20%—occupied the industrial park. Furthermore, SIGAR could only confirm employment of about 30 people at two businesses. A lack of electricity and water was stated as the primary reason more businesses have not moved into the park.

Although the industrial park’s 10 generators—costing a combined $2.5 million—were expected to be the primary source of power until the industrial park was connected to the local electrical grid, they were never made operational. An AISA official responsible for the industrial park stated his agency did not have the necessary funds to purchase fuel for the generators. According to the AISA official, as of October 2014, his agency was in the process of connecting the park’s electrical system to the local power grid. The official noted that the estimated cost for the connection was $700,000. He did not know when the project would be completed.

For Gorimar Industrial Park to meet its intended purpose of promoting economic growth and creating employment opportunities for the local population by providing investors and entrepreneurs with security, access
to land, and infrastructure including electrical power and water, SIGAR recommends that the USAID Mission Director for Afghanistan: (1) Determine the current status of AISA’s effort to connect Gorimar Industrial Park to the local power grid, and, if necessary, identify appropriate steps to help complete the project; (2) Determine, in consultation with AISA, the feasibility of establishing the park’s generators as a backup source of electrical power; and (3) Determine why contract files for Gorimar Industrial Park were missing and ensure that contract files for all future projects contain critical project design, planning, construction, quality assurance, and related documents required by Federal Acquisition Regulation Subpart 4.8, “Government Contract Files,” within 90 days.

**Inspection 15-50-IP: Shorandam Industrial Park**

**Poor Recordkeeping and Lack of Electricity Prevented a Full Inspection of this $7.8 Million Facility**

On May 24, 2004, USAID awarded a $10 million contract to TI for the development of three industrial parks, including the $7.8 million Shorandam Industrial Park in Kandahar Province. The industrial parks were being built to promote economic growth and create employment opportunities for the local population.

TI’s initial contract called for it to oversee solicitations and bids for the design, construction, and maintenance of the industrial parks. However, a contract modification called for TI to complete the infrastructure for Shorandam Industrial Park, rather than to simply oversee solicitations and bids.

In September 2010, following project completion, USAID transferred Shorandam Industrial Park “as is” to AISA, the government agency responsible for developing businesses at and managing all industrial parks in Afghanistan. In the handover certificate, USAID stated that the power plant, consisting of 10 generators, was not installed and, as a result, was not included in the handover. The generators were not installed because, in 2009, they were damaged when the warehouse storing them was bombed. However, according to USAID officials, in December 2012, the USAID-funded generators had been installed and were transferred to Da Afghan Breshna Sherkat (DABS), the Afghan power utility, in operable condition for use in providing power to Shorandam Industrial Park.

For this inspection of Shorandam Industrial Park, SIGAR’s objectives were to assess whether (1) construction was completed in accordance with contract requirements and technical specifications, and (2) the industrial park was being used as intended.

A June 2014 site visit found that all major infrastructure components had been constructed, and that there were no major construction issues. However, due to USAID’s lack of contract documentation, SIGAR could not fully assess whether construction met contract requirements and technical specifications. In addition to missing USAID documents, SIGAR determined
that the contract modification requiring TI to construct the three industrial parks contained only general requirements. There were no details describing actual construction requirements, such as the required thickness and composition of the paved roads, the type of sewers to be built, or the size and capacity of the power generators to be provided.

SIGAR’s inspection was also limited due to the lack of electricity to test the installed systems, such as the power-distribution and water-supply systems, which run on electricity. As a result, SIGAR could not test whether the park’s internal electrical-distribution and water systems were operable and safe, or whether those crucial systems, as well as roads, flood channels and other construction, met contract requirements. An Afghanistan Industry Association official told SIGAR that the lack of electricity at the time of SIGAR’s inspection was a temporary issue due to maintenance being performed on the USAID-funded generators.

Furthermore, during the June 2014 site visit, SIGAR found only one active Afghan business at the park, which was originally intended to accommodate 48 businesses. SIGAR also observed three vacant structures, which TFBSO built to encourage business development, as well as a power plant constructed by the U.S. military in December 2010. The construction of the power plant at Shorandam Industrial Park impacted potential business development in two ways. First, the power plant took up about one-third of the park, removing that land from private development. Second, the Afghan Industrial Parks Development director reported that U.S. military security checkpoints established at the entrance and exit to the industrial park curbed Afghan business interest in the park.

The park became more attractive after the U.S. military withdrew from the site. In February 2015, or about 10 months after the U.S. military withdrew from the park, the Afghan Industrial Parks Development director told SIGAR that 13 businesses had committed to moving into the industrial park, and at least four of them were operational. The director said that the remaining businesses were building their facilities. Due to security concerns in the area and associated travel restrictions, SIGAR was not able to revisit the park to verify this information.

**Inspection 15-51-IP: Afghan National Army Slaughterhouse Stalled Construction Project Was Terminated After $1.25 Million Spent**

In February 2012, CSTC-A requested that the U.S. Army Corps of Engineers (USACE) solicit bids for and manage construction of an ANA slaughterhouse and supporting facilities in Pol-i-Charkhi, Kabul Province. In August 2012, USACE awarded a firm-fixed-price contract for $12 million to AREEB-REC Joint Venture, an Afghan company.

CSTC-A noted that a new slaughterhouse would not only satisfy the need for increased meat production, but would also provide improved safety and sanitation conditions compared to the existing facility. CSTC-A’s plan for
the new facility included construction of a slaughterhouse building, administrative building, scale-house building, wastewater-treatment plant, a guard house and two guard shacks, two personnel bunkers, diesel power plant, water well, fuel-access point, three parking lots, and a perimeter wall.

For this inspection, SIGAR assessed whether the (1) work was completed in accordance with contract requirements and applicable construction standards, and (2) facility was being used as intended.

SIGAR visited the ANA slaughterhouse construction site in April 2014, and found a largely open field with limited work completed, limiting the extent of the inspection SIGAR could perform.

SIGAR found that about a quarter of one of the four perimeter walls was complete, with adequate concrete and steel reinforcing work. SIGAR also observed that the site’s water well had not been properly capped to prevent anyone from placing contaminants, poisons, or other materials in the water. SIGAR sent an inquiry letter to DOD in October 2014 about the water well; USACE officials replied that action had been taken, and the well was properly capped in October 2014.

During the first nine months of construction, USACE issued 12 letters to the AREEB-REC joint venture, some of which addressed contractor-performance issues, including construction initiated prior to approval and noncompliance with quality-control requirements. On September 15, 2013, USACE suspended the contract because of the contractor’s unsatisfactory performance. At the same time, the International Security Assistance Force (ISAF) began a review of all ongoing construction that eventually would be transferred to the ANSF. On October 1, 2013, based on the ISAF review, CSTC-A officials recommended terminating the ANA slaughterhouse project.

On October 26, 2013, CSTC-A stated that the existing ANA slaughterhouse had sufficient capacity to support ANA requirements and directed USACE to terminate the contract for the convenience of the U.S. government. As a result of a termination for convenience, the contractor has the right to request a settlement that would compensate it for work performed, preparations for future work, and a reasonable allowance for profit. At the time of the termination for convenience, the contractor had been paid $1.25 million. On January 15, 2015, AREEB-REC Joint Venture requested $4.2 million in additional payments, as a settlement of the termination for convenience. USACE’s Transatlantic Middle East District is currently reviewing the request and the Defense Contract Audit Agency is conducting a financial audit. USACE officials stated that they expect to complete a negotiated settlement by December 2015.

New Inspections Announced This Quarter
This quarter, SIGAR has initiated two new inspections. Each inspection will assess whether (1) construction has been or is being completed in
SIGAR OVERSIGHT ACTIVITIES

accordance with contract requirements and applicable construction standards, and (2) the parts of the facility, if any, that are occupied are being used as intended and properly maintained. These inspections will assess:
• Women’s Dormitory at Herat University
• Bagrami Industrial Park

Status of SIGAR Recommendations
The Inspector General Act of 1978, as amended, requires SIGAR to report on the status of its recommendations. This quarter, SIGAR closed 23 recommendations contained in 11 audit and inspection reports. Four of the reports contained recommendations that resulted in the recovery of $77,243 in ineligible or unsupported contract costs paid by the U.S. government.

From 2009 through March 2014, SIGAR published 169 audits, audit letters, and inspection reports and made 549 recommendations to recover funds, improve agency oversight, and increase program effectiveness. SIGAR has closed over 83% of these recommendations. Closing a recommendation generally indicates SIGAR’s assessment that the audited agency has either implemented the recommendation or otherwise appropriately addressed the issue. In some cases, a closed recommendation will be the subject of follow-up audit work.

The Inspector General Act of 1978, as amended, also requires SIGAR to report on any significant recommendations from prior reports on which corrective action has not been completed. In this quarter, SIGAR continued to monitor agency actions on recommendations in 35 audit and five inspection reports. In this quarter there were no recommendations over 12 months old where the agency had yet to produce a corrective-action plan that SIGAR believes would resolve the identified problem. However, there are five audit reports over 12 months old where SIGAR is waiting for the respective agencies to complete their agreed-upon corrective actions.

SIGAR recently completed audits of the status of SIGAR recommendations made to DOD, State, and USAID. Specifically, the audits identified and assessed the status of SIGAR recommendations and reviewed actions taken or planned by the agencies to address them. In January 2015, SIGAR issued its report on the status of recommendations to DOD, identifying a more than 75% implementation rate. Previously, SIGAR issued final reports for State (identifying a nearly 75% implementation rate) and USAID (identifying a more than 80% implementation rate).

SPECIAL PROJECTS
The Inspector General’s Office of Special Projects was created to examine emerging issues and deliver prompt, actionable reports to federal agencies and the Congress. The team conducts a variety of assessments, producing reports on all facets of Afghanistan reconstruction. The directorate is made
up of auditors, analysts, investigators, lawyers, subject-matter experts, and other specialists who can quickly and jointly apply their expertise to emerging problems and questions.

This quarter, SIGAR's Office of Special Projects issued two fact sheets. One analyzed contract-award data submitted from DOD, which accounted for $21 billion of the approximately $66 billion appropriated to DOD for Afghanistan reconstruction from FY 2002 to FY 2014. The second fact sheet analyzed CERP projects in Afghanistan.

The Office of Special Projects also wrote to DOD, State, and USAID to request information in support of the ongoing review of the TFBSO, to inquire about the analysis underlying the current and future size and structure of the ANSF, to express concerns about apparent wasteful construction at current and former U.S. military bases in Afghanistan, and the impact of projected decreases in Afghan customs revenue on the government’s ability to meet budgetary obligations. Additional letters inquired about USAID’s ability to effectively implement, monitor, and assess the impact of its Promote women’s empowerment program, the Afghan government’s need for additional budget bailouts, the way RSM will measure the progress of its efforts to ensure the effectiveness and sustainability of the ANSF, the availability of reliable and sustainable electric power for Kandahar City, and the transfer of U.S. military bases to the ANSF.

**Inquiry Letter 15-31-SP: Second Request for TFBSO Documents**

On January 29, 2015, SIGAR wrote a letter to the Secretary of Defense requesting documents and information for its ongoing review of TFBSO. This is SIGAR’s second request for documents, and is a result of analysis performed on data received in response to an inquiry letter sent on December 10, 2014 (see Inquiry Letter 15-23-SP).

**Inquiry Letter 15-34-SP: ANSF Force Structure**

On February 19, 2015, SIGAR sent a letter to the Commanders of RSM and CSTC-A to request information regarding the analysis underlying the current and future size and structure of the ANSF. SIGAR’s oversight responsibilities include overseeing and accounting for funds from the Afghanistan Security Forces Fund (ASFF), which has been the source of over $50 billion disbursed in support of the ANSF.

The size and force structure of the ANSF are important factors in determining the costs associated with supporting Afghan soldiers and police officers. However, there are differing views on optimal ANSF end strength. SIGAR is particularly concerned about the apparent discrepancy between assessments of requisite ANSF end-strength, as it raises questions regarding the U.S. government’s ability to anticipate future costs associated with support of these forces.
Referral Letter 15-35-SP: Tank-Truck Offload Facilities
SIGAR wrote to the Deputy Commander of USFOR-A on February 19, 2015, to alert him about what appears to be a significant amount of wasteful construction at current and former U.S. military bases in Afghanistan. Initial research conducted by SIGAR staff indicates that USACE spent $36 million to construct three tank-truck offload facilities (TTOFs) that were significantly underused or never used at all. SIGAR referred this issue to USFOR-A because these were not Afghanistan-reconstruction projects, but projects supporting the U.S. military.

Major General John Murray, Deputy Commander, Support, of USFOR-A responded to Special Inspector General Sopko on March 10 that “My staff is now conducting a thorough review into those TTOF’s,” and added that his office would share the results of their inquiry. Recently, SIGAR’s Afghanistan office was informed that the review is near completion.

Inquiry Letters 15-37-SP, 15-38-SP, and 15-39-SP: Afghan Customs Revenue
On March 5, 2015, SIGAR wrote to DOD, State, and USAID to share concerns raised by many U.S. Embassy Kabul officials during Special Inspector General Sopko’s recent trip to Afghanistan. The officials warned of the Afghan government’s inability to meet its budgetary obligations in the current and future fiscal years due to projected decreases in revenue. Representatives from the embassy’s economics section noted that a large portion of the decline in revenue could be attributed to concerns that approximately half of the customs duties for Afghan fiscal year 1393 are believed to have been stolen.

According to Afghanistan’s 1393 and 1394 national budget statements, for Afghan fiscal years 1390 through 1393, taxes on international trade and transactions—a revenue category that includes customs revenue—produced between $410 million and $660 million annually, accounting for 24% to 36% of total domestic revenue. The Afghan government’s ongoing challenges in collecting customs revenue are of great concern, given that customs revenue regularly accounts for over a third of the Afghan government’s domestic revenue.

Fact Sheet 15-40-SP: DOD Contract Obligations
On March 18, 2015, SIGAR published its analysis of DOD’s data submissions responding to SIGAR’s February 2013 inquiry for comprehensive information on all contracts, grants, and cooperative agreements awarded for reconstruction activities between FY 2002 through May 2014.

SIGAR’s analysis found that while DOD received approximately $65 billion in appropriations from FY 2002 to FY 2014 (and had obligated a total of $56 billion as of June 30, 2014), their data submission accounts for only $21 billion in total contract awards. The discrepancy is due to how DOD
executed funding, and how it was tracked within DOD and federal accounting systems. It is also due to the fact that reconstruction funds that are transferred between DOD entities, to another U.S. government agency, or to an Afghan government entity were not included in the submission.

Inquiry Letter 15-42-SP: TFBSO Documents
SIGAR wrote to the Secretary of Defense on March 18, 2015, to inquire about the status of the preservation of TFBSO records for SIGAR’s ongoing review of the agency. SIGAR’s December 10, 2015, inquiry letter requested that all records be preserved prior to the end of TFBSO’s existence (see Inquiry Letter 15-23-SP).

Inquiry Letter 15-44-SP: USAID’s Promoting Gender Equity in National Priority Programs
On March 27, 2015, SIGAR wrote to USAID to request additional information regarding USAID’s plans for implementing and overseeing Promoting Gender Equity in National Priority Programs (Promote), particularly in light of SIGAR’s recent work on USAID’s efforts to support Afghan women, briefings SIGAR personnel received about the program, and information SIGAR received in response to past data calls. Concerns remain about USAID’s ability to effectively implement, monitor, and assess the impact of Promote. Furthermore, SIGAR is concerned that some very basic programmatic issues remain unresolved and that the Afghan women engaged in the program may be left without any tangible benefit upon completion.

On April 10, 2015, SIGAR received USAID’s response to the inquiry letter and will continue to monitor Promote’s progress.

Inquiry Letter 15-45-SP: Afghan Budget Shortfall
On April 15, 2015, SIGAR wrote a letter to the U.S. Ambassador to Afghanistan and the Special Representative for Afghanistan and Pakistan to request additional information about the $100 million bailout provided by U.S. taxpayers in response to the Afghan government’s request for assistance in addressing budget shortfalls. SIGAR first raised concerns about this budget bailout in a September 2014 inquiry letter (see SIGAR 14-101-SP).

SIGAR is encouraged that $25 million (of the $100 million) was disbursed after the Afghan government met conditions, including granting State personnel access to the Afghanistan Financial Management Information System. However, SIGAR also noted that Afghanistan’s fiscal problems are unlikely to be resolved in the near future. As such, SIGAR requested that the State Department provide information about the $100 million bailout, the predicted FY 1394 shortfall, and the implications of not providing the entire $537 million requested by the Afghan government.
Inquiry Letter 15-46-SP: Essential Functions
SIGAR wrote to the commanders of USFOR-A and CSTC-A on April 15, 2015, to request information about how the Resolute Support Mission will measure the progress of its efforts to ensure the effectiveness and sustainability of the ANSF and the Afghan Security Institutions (ASI). According to the Resolute Support Security Force Assistance handbook, efforts to develop the ANSF and ASI will consist of “advise and measure” responsibilities, and will focus on eight essential functions (EF). These eight essential functions will be critical to the future success of any effort to bolster the ANSF and ASI.

Inquiry Letter 15-47-SP: Reliable and Sustainable Electric Power for Kandahar City
In an April 17, 2015, letter to USAID, DOD, and State officials, SIGAR reiterated its past concerns about electricity availability in Afghanistan by requesting specific information about how the United States intends to ensure reliable and sustainable electrical power for Kandahar City.

On April 17, 2015, SIGAR wrote to the Secretary of Defense to inquire about the transfer of hundreds of former U.S. military bases in Afghanistan to the ANSF. Since 2010, the United States has transferred 813 bases to the ANSF. Given the substantial expense associated with their construction and their potential either to go unused by the ANSF or to be compromised by insurgent forces, SIGAR is seeking information regarding the processes DOD follows when transferring these bases.

Fact Sheet 14-49-SP: CERP Priorities and Spending in Afghanistan FY 2004–FY 2014
SIGAR published a fact sheet on April 17, 2015, detailing its analysis of CERP in Afghanistan, which received $3.7 billion in appropriations from FY 2004 to FY 2014. As of June 2014, the U.S. military obligated $2.3 billion of these funds. SIGAR’s fact sheet provided more detail on the decline of CERP activity, beginning in FY 2012, as well as the reduction in obligation rates for CERP funds. The fact sheet also provided analysis of the purpose and location of many CERP projects in Afghanistan. Finally, the fact sheet explained that DOD does not maintain actual costs of CERP projects, and did not provide sufficient disbursement data to SIGAR.

LESSONS LEARNED
Last quarter SIGAR announced the creation of its new Lessons Learned Program (LLP). The LLP will conduct a comprehensive analysis of the
reconstruction effort in Afghanistan from 2001 onwards to identify best practices and lessons to help address systemic issues facing U.S. reconstruction efforts in Afghanistan. The LLP has two ongoing projects which are examining interagency coordination on strategy and planning, and U.S. coordination with external partners in administering aid to Afghanistan. A Lessons Learned project announced this quarter will review the efficacy of counternarcotics efforts—in terms of strategy, coordination, programs, and outcomes—within Afghan reconstruction.

In March 2015, the LLP and the U.S. Institute of Peace convened a workshop with representatives of lessons learned organizations from the State Department, Defense Department, USAID, NATO, the UN, and the 9/11 Commission. The objective of the workshop was to have participants discuss and help inform LLP on the best ways to (1) identify meaningful lessons from reconstruction efforts in Afghanistan that are applicable to future conflicts; and (2) work with stakeholders in order to institutionalize these lessons. The workshop also included discussion between participants on how different agencies may be able to work together to ensure that lessons that span across multiple agencies can be learned.

**New Lessons Learned Project**

This quarter the LLP announced a project that will review the efficacy of counternarcotics efforts within Afghan reconstruction.

**Counternarcotics in Afghanistan Reconstruction**

The U.S. government has spent over $8 billion since 2001 on a diverse set of counternarcotics initiatives aimed at reducing the amount of opium poppy that is grown in Afghanistan; reducing the assistance insurgent forces receive from the proceeds of opium trafficking; and reducing the consumption and export of opium products. Counternarcotics initiatives include eradicating opium poppies in farmers’ fields; seizing and destroying harvested opium and refined heroin; arresting and prosecuting drug traffickers; providing alternative crops and income sources to the people who rely on poppy cultivation for their livelihood; campaigning to reduce local demand for opium; and building Afghan capacity to reduce poppy cultivation with less international assistance. However, these efforts have not achieved the overarching objective of reducing the supply of opium in Afghanistan. In fact, opium poppy cultivation has risen dramatically from 8,000 hectares in 2001 to 224,000 hectares in 2014.

This does not mean that every aspect of the counternarcotics effort failed. Progress was made at local levels in many areas and on specific aspects of the narcotics problem in Afghanistan. Poppy growth patterns have shifted over time, leaving some areas poppy free while other areas have more than made up the difference. Significant arrests and seizures were made, although clearly major trafficking operations remain. Conflict
and governance dynamics have also changed over the past 14 years, raising questions about whether counternarcotics strategies were adequate for the context or responsive to changes in conditions on the ground. It is also important to recognize that counternarcotics initiatives were conducted in concert with other major reconstruction activities—some complementary and some that worked at cross purposes—and the priority accorded to counternarcotics within the overall U.S. and international strategy for stabilizing Afghanistan varied over time. Drawing lessons for future counternarcotics efforts in Afghanistan and other dynamic conflict environments therefore requires a careful evaluation of many factors considered against actual data on poppy cultivation and opium production.

This Lessons Learned product will examine the efficacy of the U.S. government’s counternarcotics effort in Afghanistan at the strategic as well as the operational level. It will establish whether there was the appropriate balance between the different component parts of the drug control effort, whether these components were appropriately tailored to local contexts, and establish whether these elements held together as a coherent strategy and as a component of the larger reconstruction effort. Based on the project’s findings, SIGAR will provide recommendations for making future complex counternarcotics efforts more successful.

Specifically, SIGAR plans to: (1) identify and describe the counternarcotics strategies, policies, priorities, and goals over the course of SIGAR’s reconstruction engagement in Afghanistan and how these compared to the priorities of Afghan and international partners regarding counternarcotics and with the wider USG Afghanistan reconstruction effort; (2) determine the effectiveness of rural/alternative development programs aimed at reducing opium poppy cultivation; (3) determine the effectiveness of eradication efforts to reduce opium supply and deter future opium poppy cultivation; (4) determine the effectiveness of efforts aimed at engaging the national and provincial authorities in drug control efforts and how sustainable these were; (5) determine the impact of security on the effectiveness of counternarcotics efforts; and (6) determine the effectiveness of law enforcement efforts in disruption and severing the nexus between the drug trade and the insurgency.

INVESTIGATIONS

During the reporting period, SIGAR initiated 29 new investigations and closed 36, bringing the total number of ongoing investigations to 324, as shown in Figure 2.1. SIGAR investigations resulted in three arrests, five criminal informations, seven convictions, four sentencings, and over $1.1 million in fines, restitutions, and forfeitures. In Afghanistan, two individuals were excluded from U.S. military installations.

The accomplishments of the quarter bring the cumulative total in criminal fines, restitutions, forfeitures, civil settlement recoveries, and U.S.
government cost savings from SIGAR's ongoing investigations to $571.6 million. Investigative outcomes include 96 arrests, 120 criminal charges, 86 convictions, and 64 sentencings.

**Former U.S. Military Member Sentenced for Fuel Theft Scheme**

On January 14, 2015, in the Eastern District of North Carolina, U.S. Army Specialist Alexander Swim was sentenced to 10 months in federal prison and ordered to pay $422,303 in restitution for his role in the theft of military-appropriated fuel. Following the completion of his incarceration, Swim will serve an additional three years’ supervised probation. On October 6, 2014, Swim pled guilty to theft and conversion of public property and aiding and abetting.

From January 2012 until October 2012, Swim was deployed to Afghanistan under the Combined Joint Special Operations Task Force at Forward Operating Base (FOB) Sharana. During his deployment, Swim served as an advanced operating base mechanic with responsibility for overseeing the maintenance of vehicles and the distribution of fuel to Special Operations Forces. On multiple occasions during his deployment, Swim participated in a conspiracy to steal military-appropriated fuel from FOB Sharana by escorting Afghan-national-operated fuel trucks onto the installation to be loaded with fuel, and then escorting them off the base. Because of Swim’s actions, the U.S. government suffered a loss of over $400,000 in stolen fuel.

**U.S. Army National Guard Sergeant Pleads Guilty to Conspiracy**

On March 23, 2015, in the Middle District of Pennsylvania, U.S. Army National Guard Staff Sergeant Timothy H. Albright pled guilty to a one-count criminal information charging him with conspiracy to receive and accept bribes.

The plea relates to a bribery investigation focusing on Afghan contractors paying U.S. military personnel in return for government contracts associated with the Humanitarian Aid Yard (HA Yard) at Bagram Airfield (BAF). The HA Yard functions as a storage facility for large quantities of clothing, food, school supplies, and other items available to military units in support of humanitarian aid for the Afghan people. The HA Yard, through the Commander’s Emergency Response Program, enables U.S. military commanders to respond to urgent humanitarian relief needs.

From January 2008 until October 2008, Albright, in his position as a commercial-vendor services specialist at BAF, conspired to accept approximately $25,000 in illegal bribes from an Afghan interpreter to expedite and ensure the successful processing of a particular Afghan vendor’s invoices submitted for work performed at the HA Yard. Albright sent the money he received from the vendor to his wife in Lebanon, Pennsylvania, through the U.S. Postal Service. He would typically ship the money in boxes
containing DVDs by placing the money in greeting card envelopes and inserting the envelopes between the DVDs. The cards usually contained approximately $1,000.

**U.S. Military Members Plead Guilty to Bribery and Money Laundering**

On February 10, 2015, subsequent to a criminal information filed in the Middle District of Georgia, U.S. Army Sergeant Seneca Hampton pled guilty to conspiracy to commit bribery and money laundering.

On February 11, 2015, subsequent to a criminal information filed in the Middle District of Georgia, U.S. Army Sergeant First Class James Norris pled guilty to conspiracy to commit bribery and money laundering.

SIGAR initiated the investigation of Hampton and Norris based on reports of missing fuel at FOB Gardez. The investigation identified a total loss of 59,000 gallons of fuel valued at $600,000. Hampton and Norris were identified as having been involved in a bribery scheme in connection to the fuel loss. The soldiers subsequently admitted to accepting approximately $2,000 per day from local Afghan drivers in exchange for permitting the drivers to take thousands of gallons of fuel from the base. Both individuals shipped the bribery proceeds to the U.S. by concealing them in their personal effects.

Further, Hampton and Norris admitted to purchasing vehicles with cash derived from the bribery scheme. As part of their plea agreements, both individuals agreed to forfeit the proceeds received from the bribery to include the vehicles, as well as full restitution.

Sentencing for both men is scheduled for May 21, 2015.

**Afghan National Arrested for Bribery**

Abdul Mobin Shafiq was arrested on December 30, 2014, after being summoned to the Afghan Attorney General’s Office (AGO) by Prosecutor Abdul Ghafur on suspicion of bribery.

Shafiq was an interpreter for the U.S. Army at BAF in 2008. During that time, Shafiq acted as an intermediary in providing cash payments from an Afghan vendor to U.S. military members, who are subjects of a separate SIGAR investigation, in return for favorable consideration in the awarding of contracts.

SIGAR and the U.S. Army Criminal Investigation Command (CID) met with Prosecutor Ghafur at BAF and provided him with facts and circumstances pertaining to Shafiq’s complicity in bribery. The meeting and the investigative documents provided to Prosecutor Ghafur prompted his decision to arrest Shafiq and pursue local prosecution.

Shafiq was subsequently released on bond and additional investigation into the matter is pending.
Two Sentenced for Conspiracy to Commit Money Laundering
On January 9, 2015, in the Western District of Tennessee, Jimmy Wayne Dennis was sentenced to 41 months’ incarceration, followed by 24 months’ supervised release, and ordered to forfeit $115,000 for conspiracy to commit money laundering. Also, on January 9, 2015, Jerry Dennis was sentenced to two years’ probation, including six months of home confinement, and ordered to forfeit $110,000 for conspiracy to commit money laundering.

Jimmy Dennis and Jerry Dennis were both subjects of a bribery investigation focusing on Afghan contractors paying U.S. military personnel in return for government contracts associated with the HA Yard at BAF. From March 2008 through March 2009, Jimmy Dennis, a U.S. Army first sergeant assigned as a paying agent in the HA Yard, helped steer contracts to certain Afghan vendors in return for approximately $250,000 in cash bribes.

On numerous occasions, Jimmy Dennis shipped cash inside containers to two individuals in the United States, namely his father, Jerry Dennis, and James C. Pittman, a former U.S. Army friend. Jimmy Dennis sent the money with the understanding that the cash would be deposited and run through Pittman’s landscaping business in Chattanooga, Tennessee. The funds deposited in the business account would subsequently be paid to Jimmy and Jerry Dennis in the form of salary checks.

In September 2014, Pittman was sentenced to 12 months’ prison time, 12 months’ probation, and ordered to pay $25,000 in restitution.

Afghan National Convicted for Embezzling Over $530,000
On December 31, 2014, following a one-day trial, the Islamic Republic of Afghanistan found Abdul Khalil Qadery guilty of stealing more than a half million dollars. On the same day, he was sentenced to five years and one month imprisonment and ordered to pay restitution of $539,173.

Qadery was formerly employed by Development Alternatives Inc. (DAI), an international company based in Bethesda, Maryland, and responsible for implementing the USAID Agricultural Credit Enhancement (ACE) project. The primary purpose of ACE is to help the Afghan government establish and manage the $100 million USAID-funded Agricultural Development Fund (ADF) program. The program is designed to help Afghanistan’s Ministry of Agriculture, Irrigation, and Livestock support small farmers with loans to be repaid after harvest.

As the credit-administration accountant of ACE, Qadery’s responsibility was to provide the Afghanistan International Bank (AIB) with a fund-transfer application and the ACE loan agreement between ACE and the approved loan applicant. The documentation is authorization required by AIB to wire money to the ADF loan recipient. Qadery embezzled $539,173 by setting up a fictitious company, forging the paperwork, and using the authority of his position to facilitate the illegal wire transfer. On the same day, he withdrew the entire amount in cash. Qadery was arrested by the ANP in
Mazar-e-Sharif on April 2, 2014. The subsequent conviction is the result of long-standing collaboration maintained by SIGAR, the AGO, and USAID OIG, throughout the investigation.

**Afghan National Arrested**

On March 11, 2015, Prosecutor Abdul Ghafur of the AGO arrested an Afghan contractor, Sayad Abbas Shah Marshal, at BAF on suspicion of fraud.

An investigation was initiated when representatives of the Complex Resolution Division (CRD) and BAF Regional Contracting Center (BRCC) reported to the International Contract Corruption Task Force (ICCTF) that Marshal submitted a suspicious claim for payment. Marshal had sent an email to CRD/BRCC stating he had a partnership with the owner of Amanullah Ahmadzai Construction Co. Ltd. (AACC) and that AACC was never paid $97,500 on a portable-toilet cleaning service contract at FOB Sharana. The investigation determined that Marshal had no affiliation with AACC and that AACC had already been paid for services rendered. The determination resulted in a savings of more than $97,000 for the U.S. government as payment for the claim was prevented.

On March 4, 2015, SIGAR contacted Prosecutor Ghafur to apprise him of the facts regarding the fraudulent activity perpetrated by Marshal. Prosecutor Ghafur was provided with a translated summary of the offense, and with copies of the bank remittance instructions and payment invoices Marshal used in attempting to transfer $97,000 to his personal bank account. Prosecutor Ghafur asked to be notified immediately when Marshal entered BAF again so he could arrange to take him into custody.

On March 11, 2015, after processing through BAF entry point security, Marshal was turned over to SIGAR and other representatives of the ICCTF. Upon notification of Marshal’s location, Prosecutor Ghafur arrested him. The investigation is ongoing.

**Former U.S. Air Force Captain Pleads Guilty**

On March 10, 2015, in the Northern District of Iowa, U.S. Air Force Captain Adam J.J. Pudenz pled guilty to a two-count criminal information charging him with making a materially false statement and violating the restriction on post-employment communication and appearances.

This investigation was initiated based on a complaint from the Brigadier General Senior Contracting Officer-Afghanistan. According to the complaint, Pudenz served as a contracting official in the Kabul Regional Contracting Center, Afghanistan, and shortly after leaving the U.S. Air Force, began representing companies, including Kabul Milli Trading Company (KMTC) on government contracts for which he had served as a contracting official.

In addition, during the investigation Pudenz lied to investigators regarding the time periods he began communicating with KMTC in order to conceal his improper relationship, namely his post-employment restrictions.
Discovery of Fuel Theft Leads to Afghan National Being Barred from Military Installation

On January 12, 2015, the U.S. Army Garrison Commander at BAF issued a military base barment letter for a Lego Afghanistan Logistics (LAL) fuel-truck driver, barring his access to the installation. The Afghan national had driven onto BAF with a transportation movement request dated several months prior and authorizing the download of 1,713 gallons of fuel. The truck contained only 273 gallons of fuel and the driver could not explain the discrepancy or the time lapse. The driver was turned over to Parwan police for questioning and confessed to stealing the fuel. LAL agreed to absorb the cost of the missing fuel and the Afghan authorities did not pursue prosecution against the truck driver.

Suspensions and Debarments

This quarter, SIGAR’s suspension and debarment program referred 22 individuals and 22 companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. Four of these individuals were referred for suspension based upon criminal charges being filed against them based on misconduct related to or affecting reconstruction contracting in Afghanistan. As shown in Figure 2.2, these referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 608, encompassing 326 individuals and 282 companies to date.

As of the end of March 2015, the efforts of SIGAR to utilize suspension and debarment to address fraud, corruption and poor performance in Afghanistan have resulted in a total of 102 suspensions, 308 finalized debarments, and 28 special entity designations of individuals and companies engaged in U.S.-funded reconstruction projects. The ability to use special entity designations is a result of legislation recently passed by Congress, SIGAR’s audit recommendations, and coordination between SIGAR’s suspension and debarment program and DOD. The result is a workable process that provides notice of exclusions from contracting based on support to insurgents and terrorists.

An additional 14 individuals and companies have entered into administrative compliance agreements with the government in lieu of exclusion from contracting since the initiation of the program. During the first quarter of 2015, SIGAR’s referrals resulted in nine suspensions, 12 finalized debarments, and 28 special entity designations of individuals and entities by agency suspension and debarment officials and DOD.

Suspensions and debarments are an important tool for ensuring that agencies award contracts only to responsible entities. SIGAR’s program addresses three challenges posed by U.S. policy and the contingency contracting environment in Afghanistan: the need to act quickly, the limited U.S. jurisdiction over Afghan nationals and Afghan companies, and the
vetting challenges inherent in the use of multiple tiers of subcontractors. SIGAR continues to look for ways to enhance the government’s responses to these challenges through the innovative use of information resources and investigative assets both in Afghanistan and the United States. SIGAR makes referrals for suspensions and debarments—actions taken by U.S. agencies to exclude companies or individuals from receiving federal contracts or assistance because of misconduct—based on completed investigations that SIGAR participates in.

In most cases, SIGAR’s referrals occur in the absence of acceptance of an allegation for criminal prosecution or remedial action by a contracting office and are therefore the primary remedy to address contractor misconduct. In making referrals to agencies, SIGAR provides the basis for a suspension or debarment decision by the agency as well as all of the supporting documentation needed for an agency to support that decision should it be challenged by the contractor at issue. Based on the evolving nature of the contracting environment in Afghanistan and the available evidence of contractor misconduct and/or poor performance, on occasion SIGAR has found it necessary to refer individuals or companies on multiple occasions for consideration by agency suspension and debarment officials.

SIGAR’s current emphasis on suspension and debarment is exemplified by the fact that of the 608 referrals for suspension and debarment that have been made by the agency to date, 581 have been made since the second
quarter of 2011. During the 12-month period prior to April 1, 2015, referrals by SIGAR’s suspension and debarment program resulted in the exclusion of 208 individuals and companies from contracting with the government. SIGAR’s referrals over this period concern allegations of theft, fraud, poor performance, financial support to insurgents, and mismanagement as part of reconstruction contracts valued at over $841 million.

**Special Entity Designations in the System for Award Management Implement the “Never Contract with the Enemy Act”**

Since September of 2012, SIGAR has worked to ensure that contractors identified as having provided support to insurgents and terrorist organizations are excluded from contracting as a common sense application of the overall goal of safeguarding reconstruction monies in Afghanistan. As part of these efforts, based on Section 841 of the 2012 National Defense Authorization Act (NDAA), SIGAR referred 43 individuals and entities to the Department of the Army for debarment. In doing so, SIGAR sought to utilize the suspension and debarment process to achieve these exclusions as a means of protecting the procurement process and, at the same time, publicly advocated for the immediate exclusion of all individuals and entities that would be identified in the future as having supported insurgents and terrorist organizations.

Simultaneously, SIGAR’s Audits Directorate conducted a comprehensive review of how DOD implemented Section 841, resulting in SIGAR’s Audit 13-6, *Contracting with the Enemy: DOD Has Limited Assurance that Contractors with Links to Enemy Groups are Identified and their Contracts Terminated*, released April 11, 2013. This audit identified multiple weaknesses in the implementation of Section 841, including lack of notice to contracting activities and prime contractors of which individuals and entities had been identified as providing support to insurgents, and incomplete guidance regarding what actions should be taken by contracting activities and prime contractors once that notice was received. The DOD, in its September 2014 update to the DOD Supplement to the Federal Acquisition Regulation, specifically cited SIGAR’s audit findings as the basis for five specific changes to how it implemented Section 841, including required monthly checks by contracting officers to ensure that contracts were not being performed by or were awarded to individuals and entities identified under Section 841. (See: Office of the Undersecretary of Defense Policy Memorandum, “Class Deviation - Prohibition on Contracting with the Enemy,” DARS Tracking Number 2014-O0020, September 17, 2014.)

Due to SIGAR’s advocacy, its audit report, and Congressional interest in improving Section 841, revisions were made as part of the 2014 NDAA and in the 2015 NDAA’s “Never Contract With the Enemy Act,” which expanded this authority to all combatant commanders, significantly
improving the ability to exclude parties seeking to use the proceeds of contracts to support insurgents and terrorist organizations. (See: 2015 National Defense Authorization Act, Pub. L. No. 113-291, Section 841, December 19, 2014.)

As part of the ongoing implementation of Section 841 and SIGAR’s recommendations, beginning in late 2014, DOD, via the GSA SAM began listing individuals and contractors subject to restriction, termination, or voiding of contracts awarded to them in its publicly available database. (See: System for Award Management Website, www.sam.gov.) These listings, described as “special entity designations,” provide the notice to contracting officers and prime contractors of identifications necessary to implement Section 841 as envisioned by Congress and SIGAR.

In the past quarter, SIGAR has reviewed the materials on SAM. Of the 43 individuals and entities referred in September 2012, 26 are in excluded status, addressing the majority of the individuals and primary businesses originally referred by SIGAR to the Department of the Army. These special-entity designations are indefinite in duration and, as they provide notice equivalent to suspension and debarment actions taken by contractors, provide a satisfactory means to address SIGAR’s concerns about protecting the procurement process and providing notice to contracting officers and prime contractors. While the change represents progress, it still leaves unsought a significant portion of the individuals or entities that SIGAR has concluded should be debarred or suspended from receiving government contracts. SIGAR will continue to press to have all such individuals or entities added to GSA’s list.

Suspension of Three Individuals and Two Companies Indicted for Attempting to Illegally Export Radios Used to Control Unmanned Aerial and Ground Vehicles

On January 26, 2015, the Army suspension and debarment official suspended Ayman Wazne, Adeeb Nagib Sobh, and Wazne’s companies, Stallion Construction and Engineering Group, International Contracting and Development, and Wazne Group Inc., from contracting with the government based on the indictment of Wazne and Sobh in the U.S. District Court for the District of Columbia on one count of conspiracy to violate the Arms Export Control Act (AECA) and the International Traffic in Arms Regulation (ITAR) and to defraud the United States, one count of attempted unlawful export, and one count of aiding and abetting the violation of the AECA and ITAR. Specifically, Wazne and Sobh, through the Wazne Group Inc., attempted to purchase FBGR115RC-2 radios, used to control unmanned aerial and ground vehicles, for the purpose of exporting them to South Sudan via Beirut, Lebanon, and the United Arab Emirates. Both were taken into custody in March 2012 based on an investigation by federal law enforcement in Detroit, Michigan.
In addition to his business interests in Detroit, Wazne is also the owner of Stallion Construction and Engineering Group, a construction contractor that has been awarded multiple awards of contracts and subcontracts at Kandahar Airfield between 2009 and 2012. This work included the construction of a $3.2 million ANA Air Corps aircraft parking apron, four laundry and mission-support buildings, valued at over $750,000, and a new wall around the USACE compound, valued at $336,000. Stallion Construction and Engineering Group has also received at least one subcontract to construct residential units associated facilities in Chad for UN personnel working in northern Africa. Wazne, Sobh, Stallion Construction and Engineering Group, International Contracting and Development, and Wazne Group Inc., will remain in suspended status pending completion of criminal proceedings in the U.S. District Court for the District of Columbia.

SIGAR OVERSIGHT ACTIVITIES

SIGAR Submits Written Testimony to Senate Appropriations Subcommittee
On February 24, Special Inspector General Sopko submitted written testimony to the Senate Appropriations Subcommittee on the Department of State, Foreign Operations, and Related Programs. Sopko’s testimony summarized SIGAR’s FY 2016 budget request, recent successes from SIGAR’s ongoing work, the challenges SIGAR has in accomplishing its mission, and steps being taken to overcome these challenges. In addition, the testimony described key management and program challenges facing State and USAID, as well as DOD, by highlighting areas of high risk that SIGAR has identified.

In summarizing SIGAR’s accomplishments, Sopko pointed out that since 2008, the agency had identified over $1.6 billion in savings, and that SIGAR’s investigations have saved the U.S. government more than $550 million. At the time of the written testimony, forfeitures, fines, and restitutions resulting from criminal investigations totaled over $18 million. Furthermore, SIGAR’s investigative work led to the conviction of over 80 subjects, 64 of whom have been sentenced.

In addition, Sopko’s testimony highlighted that SIGAR completed 188 audit and inspection reports and made 540 recommendations that identified nearly $1.1 billion in questioned costs, funds that can be put to better use, and funds identified for potential recovery. Of that $1.1 billion, SIGAR’s financial-audit program had identified approximately $107 million in questioned costs, $11.5 million of which has been sustained by the agencies so far. Of the 540 recommendations, State, USAID, and DOD had implemented 374, or almost 70%, with 100 recommendations still open.
Sopko also explained that, to help guide SIGAR during a period of rapid change in Afghanistan and address, among other things, how the office will conduct its oversight mission with less direct access to program and project sites, SIGAR developed a transition plan for 2014 through 2016. The plan ensures that SIGAR’s transition activities are synchronized with its strategic plan and other U.S. agencies’ transition plans. Over time, and as appropriate, SIGAR will adjust its functions, methods, products, and practices, adopting new ones when necessary, to continue to provide seamless, independent oversight of the reconstruction effort. Further, SIGAR will take all measures necessary to uphold government standards of quality in carrying out its oversight.

In his testimony, Sopko also discussed SIGAR’s High-Risk List, which built on the seven questions the agency developed in early 2013 to guide decision makers as they consider whether and how best to use the remaining reconstruction funds. The High-Risk List called attention to program areas and elements of the U.S.-funded reconstruction effort in Afghanistan that are especially vulnerable to significant waste, fraud, and abuse. With the list, SIGAR highlighted program areas it believes agencies such as State, USAID, and DOD, need to focus on and discuss how specific agencies are failing to mitigate risks in areas under their purview. In addition to driving agencies to evaluate and address their own operations, SIGAR intends to use the list as an internal tool for planning its own oversight work.

Finally, Sopko concluded by articulating that much remains to be done before Afghanistan becomes a country that can ensure its own stability and security with a capable and self-sustaining ANSF, and has a stable government that can provide necessary services, such as rule of law and education, to its citizens. The success of this effort greatly hinges on the U.S. government’s ability to efficiently and effectively provide reconstruction assistance to Afghanistan and ensure that funds are not wasted or abused in what is the most costly rebuilding program for a single nation in U.S. history. Sopko reiterated SIGAR’s commitment to assisting Congress, U.S. agencies, and other stakeholders by continuing to provide aggressive and independent oversight of the reconstruction effort.

Department of Homeland Security Investigations (HSI) Collaborates with SIGAR

This quarter, the Department of Homeland Security Investigations (HSI) recognized SIGAR’s collaborative case efforts which are exclusively focused on investigations pertinent to Afghanistan and incorporate the core money-laundering principle of “following the money.”

At the request of Assistant Director Derek N. Benner, HSI Domestic Operations, and Assistant Director Lev J. Kubiak, HSI International Operations, a message was sent to all HSI Assistant Directors, Deputy Assistant Directors, Special Agents in Charge, and Attachés, informing them...
of SIGAR’s interest in a partnership with HSI to tap into its expertise in illicit financial and public corruption investigations. 

In the message, SIGAR was acknowledged for having conveyed a trend in which illicit proceeds from various forms of fraud schemes involving U.S. government funding are being sent to the United States and laundered. Collaboration between HSI and SIGAR was recognized as an opportunity for HSI to work with another agency whose mission is exclusively focused on investigations pertinent to Afghanistan. In the message, employees were encouraged to contact SIGAR to coordinate investigations relative to Afghanistan, involving illicit proceeds derived from crimes involving federal procurement fraud, contract fraud, theft, corruption, bribery of government employees, and matters pertaining to waste and abuse of U.S. taxpayer dollars.

This collaboration is an example of SIGAR leveraging its law-enforcement capabilities to work with other agencies to more successfully carry out its oversight mission. It is also an acknowledgement by HSI of SIGAR’s in-country, boots-on-the-ground expertise. This is significant as this is the first quarterly reporting period after the transition to the new military mission of Operation Freedom’s Sentinel and it shows that SIGAR is increasingly becoming the face of U.S. law enforcement in Afghanistan.

SIGAR Participates in International Women’s Day Celebration

On March 8, 2015, representatives from SIGAR’s Embassy Kabul office attended the International Women’s Day celebration sponsored by the Canadian Embassy. Canadian Ambassador Deborah Lyons spoke to the group about her experiences as a woman in leadership. Attendees included Three of SIGAR’s female employees were invited to attend the Canadian Embassy’s International Women’s Day celebration in March, and are pictured here with colleagues representing the United States, Canada, Norway, Spain, and Afghanistan, among others. (SIGAR photo)
women representatives from various international donor countries, as well as women from Afghanistan. The celebration provided an opportunity to network among female colleagues, share experiences, and celebrate women’s achievements throughout the world. During the event, Special Agent in Charge Lindy Savelle met with several embassy representatives to brief them on an ongoing SIGAR investigative matter.

SIGAR BUDGET
SIGAR received a budget of $56.9 million for FY 2015 in the Consolidated and Further Continuing Appropriations Act from Congress. The budget supports SIGAR’s oversight activities and products by funding SIGAR’s five directorates: (1) Audits and Inspections, (2) Special Projects, (3) Investigations, (4) Management and Support, and (5) Research and Analysis.

SIGAR STAFF
SIGAR had 192 employees on board at the end of the quarter. SIGAR maintains 42 U.S. civilian positions and employs several local nationals in Afghanistan. Most work at U.S. Embassy Kabul, but some are at other in-country locations. SIGAR is also assisted by local national staff in its Kabul office to support the Investigations and Audits directorates. In addition, SIGAR supplements its Afghanistan resident staff with U.S.-based personnel assigned to short-term temporary duty in Afghanistan. This quarter, SIGAR had 11 employees on temporary duty in Afghanistan for a total of 256 days.
“As the current phase of our relationship draws to a close, our appreciation for the depth of America’s contribution to our people cannot be measured in words alone, but it can be seen quite literally in the number of Afghans whose futures have been changed thanks to America and its allies.”

—Afghan President Ashraf Ghani
# RECONSTRUCTION UPDATE CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview</td>
<td>63</td>
</tr>
<tr>
<td>Status of Funds</td>
<td>67</td>
</tr>
<tr>
<td>Security</td>
<td>83</td>
</tr>
<tr>
<td>Governance</td>
<td>127</td>
</tr>
<tr>
<td>Economic and Social Development</td>
<td>159</td>
</tr>
</tbody>
</table>

*Photo on previous page*
Masonry workers restore a wall in Kabul. (United Nations Environment Programme photo by Najeeb Azad)
OVERVIEW
From March 22 to 25, 2015, President Ashraf Ghani and Chief Executive Officer (CEO) Abdullah Abdullah made their first visit to Washington, DC, since Afghanistan’s national-unity government was inaugurated in September 2014. According to Special Representative for Afghanistan and Pakistan (SRAP) Daniel Feldman, the visit focused on “the need to change the narrative of the U.S.-Afghanistan bilateral relationship.” The visit resulted in a number of U.S. commitments of support for the Afghan government:

- President Obama’s announcement to maintain 9,800 deployed U.S. troops in Afghanistan into 2016.
- DOD’s intention to seek funding through 2017 to sustain the Afghan National Security Forces (ANSF) at an authorized force strength of 352,000.
- An $800 million, five-year “New Development Partnership” incentive-based program to support Ghani’s reform agenda. This new U.S. Agency for International Development (USAID)-administered initiative will utilize already budgeted or requested funding and will be delivered through the World Bank’s Afghanistan Reconstruction Trust Fund (ARTF). According to a senior U.S. official, a difference in this program is that the incentive milestones “are not going to be short-term, check the box, do this thing, make this reform” approaches of past incentive-based programs, but will focus on “substantial reforms or development outcomes.”
- Funding of $30 million in support of electoral reforms and operations to be implemented by United Nations Development Programme’s (UNDP) Enhancing Legal and Electoral Capacity for Tomorrow–Phase II (UNDP/ELECT II) program.
- Up to $10 million to the UNDP’s Support to Afghanistan Peace and Reintegration Programme (APRP) to support the efforts of the Afghan High Peace Council (HPC).

While Ghani and Abdullah’s trip was widely regarded as a success, the national-unity government still lacked a full cabinet at the end of the quarter. Nor did the government succeed in initiating peace talks with the
Taliban by the end of the quarter. In early April, an Afghan news agency reported Abdullah saying “I am not at all satisfied with government’s performance. It has been negligent.”45

In February, the UN Secretary-General reported that the security situation in Afghanistan remained volatile, with the highest number of security incidents in the months of December 2014 and January 2015 compared with the same period in each year since 2001, a fact it attributed to the relatively mild winter.46 Additionally, the Secretary-General predicted that armed conflicts will intensify this summer.47

Also in February, the ANSF began Operation Zulfiqar, the largest operation it has conducted independently since taking responsibility for Afghanistan’s security this year, to clear insurgents from Helmand Province.48 The 50-day operation ended with officials reporting the deaths of 418 insurgents, 93 security personnel, and seven civilians.49

In March, a young woman named Farkhunda was beaten to death and burnt by a mob in Kabul following accusations that she had burnt a Koran. The killing prompted large protests in Kabul.50 According to an Afghan government fact-finding report, the accusations against the 27-year-old Farkhunda were false. Police tried to intervene at the beginning of the incident, but stood by as the mob became more violent.51 The Afghan Attorney General’s Office (AGO) announced that 49 people, 20 of them police, were being held in connection to Farkhunda’s death.52

Afghanistan ended its fiscal year (FY) 1393 (December 22, 2013–December 21, 2014), missing budgetary revenue collection targets by 35%. This represented a 9.9% decrease from the same period in FY 1392, while expenditures increased 9.2%. Domestic revenues in FY 1393 paid for only 33% or $1.7 billion of Afghanistan’s total budget expenditures of $5.2 billion, with donor contributions making up the difference.

This quarter, the FY 1394 national budget was approved, totaling $7.65 billion, a 1.8% increase over FY 1393. The Afghan government and the International Monetary Fund reached a nine-month staff-level agreement to monitor implementation of Afghanistan’s macroeconomic policies and structural-reform agenda. And the U.S. Treasury agreed to develop technical assistance and capacity-building programs to strengthen Afghanistan’s public financial-management systems and its financial-sector oversight.

As of March 31, 2015, approximately $109.8 billion had been appropriated for Afghanistan relief and reconstruction since 2002. More than $92.5 billion of this total was appropriated for the seven major reconstruction funds, and approximately $14.9 billion of the amount appropriated to these funds remained in the funding pipeline for potential disbursement. On February 2, 2015, President Obama released his FY 2016 budget request. The request, if approved, would provide an additional $5.4 billion for the major reconstruction funds—approximately the same amount these funds received for FY 2015.
The United States provides on-budget assistance to Afghan government entities and contributions to multinational trust funds. Since 2002, the United States has provided nearly $8.5 billion in on-budget assistance. This includes about $4.4 billion to Afghan government ministries and institutions, and nearly $4.1 billion to three multinational trust funds—the World Bank’s ARTF, UNDP’s Law and Order Trust Fund for Afghanistan (LOTFA), and the Asian Development Bank’s Afghanistan Infrastructure Trust Fund (AITF). Table 3.1 shows U.S. on-budget assistance to Afghan government entities.

<table>
<thead>
<tr>
<th>Government-to-Government</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DOD</td>
<td>$2,905</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USAID</td>
<td>1,404</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Multilateral Trust Funds</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LOTFA</td>
<td>$1,519</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ARTF</td>
<td>2,430</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AITF</td>
<td>105</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Government-to-government figures reflect amounts the United States has committed in on-budget assistance, excluding commitments to multilateral trust funds. Multilateral trust funds figures reflect amounts the United States has paid in to each trust fund.

STATUS OF FUNDS CONTENTS

U.S. Reconstruction Funding for Afghanistan 68
Afghanistan Reconstruction Funding Pipeline 70
Afghanistan Security Forces Fund 72
ASFF Budget Activities 73
Commander’s Emergency Response Program 74
Afghanistan Infrastructure Fund 75
Task Force for Business and Stability Operations 76
DOD Drug Interdiction and Counter-Drug Activities 77
Economic Support Fund 78
International Narcotics Control and Law Enforcement 79
International Reconstruction Funding for Afghanistan 80
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 March 31, 2015, the United States had appropriated approximately $109.78 billion for relief and reconstruction in Afghanistan since fiscal year (FY) 2002. This total has been allocated as follows:

- $65.17 billion for security ($4.56 billion for counternarcotics initiatives)
- $31.85 billion for governance and development ($3.81 billion for counternarcotics initiatives)
- $2.89 billion for humanitarian aid
- $9.86 billion for civilian 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: $109.78)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASFF</td>
</tr>
<tr>
<td>CERP</td>
</tr>
<tr>
<td>AIF</td>
</tr>
<tr>
<td>TFBSO</td>
</tr>
<tr>
<td>DOD CN</td>
</tr>
<tr>
<td>ESF</td>
</tr>
<tr>
<td>INCLE</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AGENCIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Defense (DOD)</td>
</tr>
<tr>
<td>USAID</td>
</tr>
<tr>
<td>Department of State (State)</td>
</tr>
<tr>
<td>Distributed to Multiple Agencies*</td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded. FY 2015 appropriation amounts for most State and USAID accounts reflect draft allocations for Afghanistan and are subject to final Congressional approval.

a Multiple agencies include DOJ, State, DOD, USAID, Treasury, USDA, DEA, BBG, and SIGAR.

As of March 31, 2015, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately $109.78 billion, as shown in Figure 3.2. This total can be divided into four major categories of reconstruction funding: security, governance and development, humanitarian, and oversight and operations. Approximately $8.37 billion of these funds support counternarcotics initiatives which crosscut both the security ($4.56 billion) and governance and development ($3.81 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

The Consolidated and Further Continuing Appropriations Act, 2015, provided an additional $6.54 billion for FY 2015, as shown in Figure 3.3. Most of this amount (76.6%) was appropriated to two funds—$4.11 billion for the ASFF and $900 million for the ESF. Security remains the largest appropriation category by a wide margin. Appropriations to train, equip, and support the Afghan National Security Forces (ANSF) make up more than

Note: Numbers have been rounded. FY 2015 appropriation amounts for most State and USAID accounts reflect draft allocations for Afghanistan and are subject to final Congressional approval. DOD reprogrammed $1 billion from FY 2011 ASFF. DOD reprogrammed $1 billion from FY 2012 ASFF. Pub. L. 113-6 rescinded $1 billion from FY 2012 ASFF. DOD reprogrammed $178 million from FY 2013 ASFF. Pub. L. 113-235 rescinded $764.38 million from FY 2014 ASFF. DOD transferred $101 million from FY 2011 AIF and $179.5 million from FY 2013 AIF to the ESF to fund infrastructure projects implemented by USAID.

all other categories of reconstruction funding combined—nearly 65.1% of FY 2015 funding.

On February 2, 2015, President Obama released his FY 2016 budget request. The request, if approved, would provide an additional $5.4 billion for the major reconstruction funds—approximately the same amount these funds received for FY 2015. Amounts requested for the major reconstruction funds for FY 2016 include:

- $3.76 billion for the Afghanistan Security Forces Fund (ASFF)
- $1.23 billion for the Economic Support Fund (ESF)
- $250 million for the International Narcotics and Law Enforcement (INCLE) account
- $147.6 million for DOD’s Drug Interdiction and Counter-Drug Activities fund (DOD CN)
- $10 million for Commander’s Emergency Response Program (CERP)

FIGURE 3.3
APPROPRIATIONS BY FISCAL YEAR, AMOUNT, AND CATEGORY ($ BILLIONS)

Note: Numbers have been rounded. FY 2015 appropriation amounts for most State and USAID accounts reflect draft allocations for Afghanistan and are subject to final Congressional approval. DOD reprogrammed $1 billion from FY 2011 ASFF. DOD reprogrammed $1 billion from FY 2012 ASFF. Pub. L. 113-6 rescinded $1 billion from FY 2012 ASFF. DOD reprogrammed $178 million from FY 2013 ASFF. Pub. L. 113-235 rescinded $764.38 million from FY 2014 ASFF. DOD transferred $101 million from FY 2011 AIF and $179.5 million from FY 2013 AIF to the ESF to fund infrastructure projects implemented by USAID.

Since 2002, Congress has appropriated nearly $109.78 billion for Afghanistan relief and reconstruction. Of this amount, $92.50 billion (84.3%) was appropriated to the seven major reconstruction funds, as shown in Table 3.2.

As of March 31, 2015, approximately $14.86 billion of the amount appropriated to the seven major reconstruction funds remained for possible disbursement, as shown in Figure 3.4. These funds will be used to complete ongoing, large-scale infrastructure projects, such as those funded by AIF and ESF; train, equip, and sustain the ANSF; combat narcotics production and trafficking; and advance the rule of law, strengthen the justice sector, and promote human rights.

Table 3.2

<table>
<thead>
<tr>
<th>fund name</th>
<th>Appropriated</th>
<th>Obligated</th>
<th>Disbursed</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan Security Forces Fund (ASF)</td>
<td>$60.67</td>
<td>$53.08</td>
<td>$51.60</td>
<td>$7.64</td>
</tr>
<tr>
<td>Commander’s Emergency Response Program (CERP)</td>
<td>3.68</td>
<td>2.28</td>
<td>2.26</td>
<td>0.03</td>
</tr>
<tr>
<td>Afghanistan Infrastructure Fund (AIF)</td>
<td>1.04</td>
<td>0.84</td>
<td>0.38</td>
<td>0.53</td>
</tr>
<tr>
<td>Task Force for Business &amp; Stability Operations (TFBSO)</td>
<td>0.82</td>
<td>0.77</td>
<td>0.61</td>
<td>0.17</td>
</tr>
<tr>
<td>DOD Drug Interdiction and Counter-drug Activities (DOD CN)</td>
<td>2.98</td>
<td>2.75</td>
<td>2.75</td>
<td>0.24</td>
</tr>
<tr>
<td>Economic Support Fund (ESF)</td>
<td>18.61</td>
<td>16.30</td>
<td>13.09</td>
<td>4.97</td>
</tr>
<tr>
<td>International Narcotics Control &amp; Law Enforcement (INCLE)</td>
<td>4.69</td>
<td>4.16</td>
<td>3.34</td>
<td>1.29</td>
</tr>
<tr>
<td><strong>Total 7 Major Funds</strong></td>
<td><strong>$92.50</strong></td>
<td><strong>$80.17</strong></td>
<td><strong>$74.02</strong></td>
<td><strong>$14.86</strong></td>
</tr>
<tr>
<td>Other Reconstruction Funds</td>
<td>7.41</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civilian Operations</td>
<td>9.86</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$109.78</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately $3.6 billion that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/21/2015.

Figure 3.4

On December 16, 2014, President Obama signed the Consolidated and Further Continuing Appropriations Act, 2015, funding the U.S. government for the rest of the fiscal year and providing an additional $5.42 billion to five of the seven major funds, as shown in Table 3.3 in the margin. AIF and TFBSO received no additional funding for new projects. As of March 31, 2015, only $214,263 of FY 2015 funding had been obligated and disbursed, mostly from CERP.
Congress appropriated more than $9.63 billion for Afghanistan reconstruction for FY 2013. More than $8.08 billion of that amount went to the major funds. As of March 31, 2015, nearly $2.20 billion of these funds remained for possible disbursement, as shown in Table 3.4 and Figure 3.5.

Table 3.4

<table>
<thead>
<tr>
<th>FY 2013 Amounts Appropriated, Obligated, and Disbursed ($ Millions)</th>
<th>Appropriated</th>
<th>Obligated</th>
<th>Disbursed</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASF</td>
<td>$4,946.20</td>
<td>$4,824.20</td>
<td>$4,604.81</td>
<td>$219.39</td>
</tr>
<tr>
<td>CERP</td>
<td>200.00</td>
<td>42.07</td>
<td>37.14</td>
<td>4.93</td>
</tr>
<tr>
<td>AIF</td>
<td>145.50</td>
<td>130.31</td>
<td>56.33</td>
<td>73.98</td>
</tr>
<tr>
<td>TFBSO</td>
<td>138.20</td>
<td>134.06</td>
<td>79.11</td>
<td>54.95</td>
</tr>
<tr>
<td>DOD CN</td>
<td>255.81</td>
<td>255.81</td>
<td>255.81</td>
<td>0.00</td>
</tr>
<tr>
<td>ESF</td>
<td>1,802.65</td>
<td>1,719.88</td>
<td>355.03</td>
<td>1,364.85</td>
</tr>
<tr>
<td>INCLE</td>
<td>593.81</td>
<td>593.57</td>
<td>115.36</td>
<td>478.21</td>
</tr>
<tr>
<td>Total 7 Major Funds</td>
<td>$8,082.17</td>
<td>$7,699.91</td>
<td>$5,503.60</td>
<td>$2,196.31</td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately $382 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/21/2015.

Congress appropriated more than $6.78 billion for Afghanistan reconstruction for FY 2014. Nearly $5.61 billion of that amount went to the major funds. As of March 31, 2015, nearly $3.80 billion of these funds remained for possible disbursement, as shown in Table 3.5 and Figure 3.6.

Table 3.5

<table>
<thead>
<tr>
<th>FY 2014 Amounts Appropriated, Obligated, and Disbursed ($ Millions)</th>
<th>Appropriated</th>
<th>Obligated</th>
<th>Disbursed</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASF</td>
<td>$3,962.34</td>
<td>$1,913.94</td>
<td>$1,556.85</td>
<td>$2,405.49</td>
</tr>
<tr>
<td>CERP</td>
<td>30.00</td>
<td>6.36</td>
<td>5.28</td>
<td>1.08</td>
</tr>
<tr>
<td>AIF</td>
<td>199.00</td>
<td>133.98</td>
<td>1.79</td>
<td>197.21</td>
</tr>
<tr>
<td>TFBSO</td>
<td>122.24</td>
<td>106.87</td>
<td>82.19</td>
<td>40.05</td>
</tr>
<tr>
<td>DOD CN</td>
<td>215.46</td>
<td>127.55</td>
<td>127.55</td>
<td>87.91</td>
</tr>
<tr>
<td>ESF</td>
<td>852.00</td>
<td>0.02</td>
<td>0.00</td>
<td>852.00</td>
</tr>
<tr>
<td>INCLE</td>
<td>225.00</td>
<td>12.13</td>
<td>10.20</td>
<td>214.80</td>
</tr>
<tr>
<td>Total 7 Major Funds</td>
<td>$5,606.04</td>
<td>$2,300.84</td>
<td>$1,783.86</td>
<td>$3,798.54</td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately $24 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 4/21/2015.
AFGHANISTAN SECURITY FORCES FUND

The Congress created ASFF to provide the ANSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction.\textsuperscript{53} The primary organization responsible for building the ANSF is the Combined Security Transition Command-Afghanistan.\textsuperscript{54} A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.\textsuperscript{55}

The Consolidated and Further Continuing Appropriations Act, 2015, appropriated nearly $4.11 billion for ASFF for FY 2015, increasing total cumulative funding to more than $60.67 billion.\textsuperscript{56} As of March 31, 2015, nearly $53.08 billion of total ASFF funding had been obligated, of which nearly $51.60 billion had been disbursed.\textsuperscript{57} Figure 3.7 displays the amounts made available for ASFF by fiscal year.

DOD reported that cumulative obligations increased by more than $722.91 million over the quarter, and cumulative disbursements increased by nearly $858.04 million.\textsuperscript{58} Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure37.png}
\caption{ASFF Appropriated Funds by Fiscal Year (\$ billions)}
\end{figure}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure38.png}
\caption{ASFF Funds, Cumulative Comparison ($ billions)}
\end{figure}

Note: Numbers have been rounded.
\textsuperscript{a} DOD reprogrammed $1 billion of FY 2011 ASFF.
\textsuperscript{b} DOD reprogrammed $1 billion of FY 2012 ASFF; another $1 billion was rescinded in Pub. L. No. 113-46.
\textsuperscript{c} DOD reprogrammed $1.78 billion of FY 2013 ASFF.
\textsuperscript{d} $764.38 million of FY 2014 ASFF was rescinded in Pub. L. No. 113-235.
\textsuperscript{e} DOD reprogrammed $178 million of FY 2013 ASFF.
\textsuperscript{f} $764.38 million of FY 2014 ASFF was rescinded in Pub. L. No. 113-235.

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. The AROC must approve the requirement and acquisition plan for any service requirements in excess of $50 million annually and any non-standard equipment requirement in excess of $100 million.

As of March 31, 2015, DOD had disbursed nearly $51.60 billion for ANSF initiatives. Of this amount, nearly $34.45 billion was disbursed for the ANA, and nearly $16.77 billion was disbursed for the ANP; the remaining nearly $379.53 million was directed to related activities.

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—more than $13.98 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—more than $6.67 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.

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.63 CERP-funded projects may not exceed $2 million each.64

The Consolidated and Further Continuing Appropriations Act, 2015, appropriated $10 million for CERP, increasing total cumulative funding to nearly $3.68 billion.65 Of this amount, DOD reported that more than $2.28 billion had been obligated, of which more than $2.26 billion had been disbursed as of March 31, 2015.66 Figure 3.11 shows CERP appropriations by fiscal year, and Figure 3.12 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

**Figure 3.11**

**Figure 3.12**

**CERP APPROPRIATIONS BY FISCAL YEAR**

**CERP FUNDS, CUMULATIVE COMPARISON**

Source: DOD, response to SIGAR data calls, 4/14/2010.

AFGHANISTAN INFRASTRUCTURE FUND

AIF was established in FY 2011 to pay for high-priority, large-scale infrastructure projects that support the U.S. civilian-military effort. Congress intended for projects funded by AIF to be jointly selected and managed by DOD and State. AIF received appropriations from FY 2011 through FY 2014. Each AIF-funded project was required to have a plan for its sustainment and a description of how it supported the counter-insurgency strategy in Afghanistan.67

AIF received cumulative appropriations of over $1.32 billion; however, $280.5 million of these funds were transferred to ESF for USAID’s Northeast Power System transmission lines projects, bringing the cumulative amount remaining in AIF to $1.04 billion.68 Figure 3.13 shows AIF appropriations by fiscal year.

As of March 31, 2015, more than $838.56 million of total AIF funding had been obligated. Although AIF will not receive additional funding, many AIF projects are still in progress—more than 55% of obligated AIF funds and all $280.5 million of the funds transferred to the ESF remain to be disbursed.69 Only $375.93 million of AIF funds had been disbursed, as shown in Figure 3.14.

FIGURE 3.13

AIF APPROPRIATIONS BY FISCAL YEAR

($ MILLIONS)

2011a 2012 2013b 2014

$800 .......................................................... $1,000 ..........................................................

$600 .......................................................... $800 ..........................................................

$400 .......................................................... $600 ..........................................................

$200 ..........................................................

$0 ..........................................................

Note: Numbers have been rounded.
a FY 2011 figure excludes $101 million that was transferred to USAID to execute an AIF project.
b FY 2013 figure excludes $179.5 million that was transferred to USAID to execute an AIF project.


FIGURE 3.14

AIF FUNDS, CUMULATIVE COMPARISON

($ MILLIONS)

As of Dec 31, 2014 As of Mar 31, 2015

$0 ..........................................................

$200 ..........................................................

$400 ..........................................................

$600 ..........................................................

$800 ..........................................................

$1,000 ..........................................................

Appropriated $1,043.50 Appropriated $1,043.50

Obligated $837.47  $838.56

Disbursed $332.14 Disbursed $375.93

Note: Numbers have been rounded.

Source: DOD, response to SIGAR data call, 4/13/2012.
TFBSO APPROPRIATIONS BY FISCAL YEAR ($ MILLIONS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Appropriated</th>
<th>Obligated</th>
<th>Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$814.92</td>
<td>$765.65</td>
<td>$607.29</td>
</tr>
<tr>
<td>2010</td>
<td>$763.47</td>
<td>$631.26</td>
<td>$500.00</td>
</tr>
<tr>
<td>2011</td>
<td>$500.00</td>
<td>$400.00</td>
<td>$300.00</td>
</tr>
<tr>
<td>2012</td>
<td>$300.00</td>
<td>$200.00</td>
<td>$100.00</td>
</tr>
<tr>
<td>2013</td>
<td>$100.00</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

TFBSO FUNDS TERMINOLOGY
DOD reported TFBSO funds as appropriated, obligated, or disbursed

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


**TFBSO FUNDS, CUMULATIVE COMPARISON ($ MILLIONS)**

Note: Numbers have been rounded. Updated data during TFBSO’s closeout resulted in a lower disbursed figure than reported last quarter. Of the $814.92 million appropriated the TFBSO, $366.05 million was from the Operations and Maintenance, Army, account to pay for the sustainment of U.S. assets, civilian employees, travel, security, and other operational costs; all FY 2015 funding was from this account.

DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

DOD CN funds support 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.73

DOD CN funds are appropriated by Congress to a single budget line for all military services. DOD reprograms the funds from the Counter-narcotics Central Transfer Account (CTA) to the military services and defense agencies, which track obligations of the transferred funds. DOD reported DOD CN accounts for Afghanistan as a single figure for each fiscal year.74

DOD reported that DOD CN received nearly $147.60 million for Afghanistan for FY 2015, bringing cumulative funding for DOD CN to more than $2.98 billion since fiscal year 2004. Of this amount, nearly $2.75 billion had been transferred to the military services and defense agencies for DOD CN projects, as of March 31, 2015.75 Figure 3.17 shows DOD CN appropriations by fiscal year, and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.
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


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 counterterrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.76

ESF was appropriated $900 million for FY 2015, bringing cumulative funding for ESF to more than $18.61 billion, including amounts transferred from AIF to ESF for USAID’s Northeast Power System transmission lines projects. Of this amount, more than $16.30 billion had been obligated, of which nearly $13.09 billion had been disbursed.77 Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of March 31, 2015, decreased by more than $74.48 million and cumulative disbursements increased by nearly $541.00 million from the amounts reported last quarter.78 Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

Note: Numbers have been rounded. FY 2015 figure reflects draft allocation amount for Afghanistan and is subject to final Congressional approval. Updated data resulted in a lower obligated figure than reported last quarter. FY 2011 figure includes $101 million that was transferred to ESF from AIF. FY 2013 figure includes $179.5 million that was transferred to ESF from AIF.

Source: USAID, response to SIGAR data calls, 4/9/2015 and 1/14/2015; State, response to SIGAR data calls, 4/15/2015 and 4/15/2014.
INTERNATIONAL NARCOTICS CONTROL 
AND LAW ENFORCEMENT

The State Department’s Bureau of International Narcotics and Law Enforcement Affairs (INL) manages an account for advancing rule of law and combating narcotics production and trafficking—the INCLE account. INCLE supports several INL program groups, including police, counter-narcotics, and rule of law and justice.  

State reported that INCLE was appropriated $250 million for FY 2015, bringing cumulative funding for INCLE to more than $4.69 billion. Of this amount, more than $4.16 billion had been obligated, of which, nearly $3.34 billion had been disbursed. Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of March 31, 2015, increased by more than $1.91 million compared to cumulative obligations as of December 31, 2014. Cumulative disbursements as of March 31, 2015, increased by more than $49.05 million over cumulative disbursements as of December 31, 2014. Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.

**Note:** Numbers have been rounded. FY 2015 figure reflects draft allocation amount for Afghanistan and is subject to final Congressional approval. Data may include inter-agency transfers.

Source: State, response to SIGAR data calls, 4/15/2015 and 1/15/2015.

**Source:** State, response to SIGAR data call, 4/9/2010.
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).82

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 March 20, 2015, the World Bank reported that 34 donors had pledged nearly $8.85 billion, of which more than $8.03 billion had been paid in.83 According to the World Bank, donors had pledged more than $913.03 million to the ARTF for Afghan FY 1394, which runs from December 22, 2014, to December 21, 2015.84 Figure 3.23 shows the ten largest donors to the ARTF for FY 1394. As of March 20, 2015, the United States had pledged more than $2.68 billion and paid in more than $2.43 billion since 2002.85 The United States and the

ARTF CONTRIBUTIONS FOR FY 1394 BY DONOR, AS OF MARCH 20, 2015 ($ MILLIONS)

Note: Numbers have been rounded. FY 1394 = 12/22/2014-12/21/2015.
United Kingdom are the two biggest donors to the ARTF, together contributing over 47% of its total funding, as shown in Figure 3.24.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window. As of March 20, 2015, according to the World Bank, more than $3.44 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. 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 adequate funding, donors to the ARTF may not “preference” (earmark) more than half of their annual contributions for desired projects.

The Investment Window supports the costs of development programs. As of March 20, 2015, according to the World Bank, nearly $3.79 billion had been committed for projects funded through the Investment Window, of which more than $2.89 billion had been disbursed. The World Bank reported 20 active projects with a combined commitment value of more than $2.46 billion, of which nearly $1.57 billion had been disbursed.

Contributions to the Law and Order Trust Fund for Afghanistan

The United Nations Development Programme (UNDP) administers LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior. Since 2002, donors have pledged nearly $3.84 billion to LOTFA, of which nearly $3.77 billion had been paid in, as of September 30, 2014—the most recent LOTFA data available. LOTFA’s sixth support phase started on January 1, 2011, and ended on December 31, 2014. From the beginning of Phase VI through September 30, 2014, the UNDP had transferred nearly $1.90 billion from LOTFA to the Afghan government to cover ANP and Central Prisons Directorate staff remunerations and an additional $53.52 million for capacity development and other LOTFA initiatives. As of September 30, 2014, donors had committed nearly $2.31 billion to LOTFA for Phase VI. Of that amount, the United States had committed nearly $967.10 million, and Japan had committed more than $746.76 million. Their combined commitments make up over 74% of LOTFA Phase VI commitments. The United States had committed more than $1.52 billion since the fund’s inception and had paid in all but $3.9 million of the commitment, as of September 30, 2014. Figure 3.25 shows the four largest donors to LOTFA since 2002.

LOTFA’s seventh phase began on January 1, 2015, and is initially planned to run through a six-month inception phase with an estimated budget of $296.84 million. During the inception phase, LOTFA activities are to begin transitioning to the Afghan government.
SECURITY CONTENTS

Key Issues and Events This Quarter 84
U.S. Forces in Afghanistan 87
ANSF Strength Shows Slight Increase 87
Ministry of Defense and Ministry of Interior Assessments 92
Afghan Local Police 95
Afghan Public Protection Force Transition Awaiting Presidential Action 96
Afghan National Army 96
Afghan National Police 102
Status of Women in the ANSF 106
ANSF Medical/Health Care 107
Removing Unexploded Ordnance 108
Counternarcotics 110
Alternative Development/Alternative Livelihood 118
As of March 31, 2015, the U.S. Congress had appropriated $65.2 billion to support the Afghan National Security Forces (ANSF). Congress established the Afghanistan Security Forces Fund (ASFF) to build, equip, train, and sustain the ANSF, which comprises the Afghan National Army (ANA) and Afghan National Police (ANP).

United States Forces-Afghanistan (USFOR-A) informed SIGAR this quarter that the Department of Defense’s (DOD) preferred term for the ANSF is now the Afghan National Defense and Security Forces (ANDSF). DOD said its definition of the ANDSF includes the members of the security forces under the Ministry of Defense (MOD) and the Ministry of Interior (MOI) of Afghanistan, which includes several organizations apart from the ANA and ANP.96

Although the Security and Defense Cooperation Agreement Between the United States of America and the Islamic Republic of Afghanistan (known commonly as the Bilateral Security Agreement) includes “the National Directorate of Security, and other entities as mutually agreed,”97 DOD does not include the National Directorate of Security (NDS) in its definition of the ANDSF, as that directorate does not fall under MOD and MOI control. Further, DOD’s ASFF does not fund the NDS.98 To avoid confusion, SIGAR plans to adopt the new DOD term and definition in its next quarterly report, after all SIGAR directorates have had time to change the terminology in their products.

Most U.S.-provided funds were channeled through the ASFF and obligated by either the Combined Security Transition Command-Afghanistan (CSTC-A) or the Defense Security Cooperation Agency. Of the $60.7 billion appropriated for the ASFF, approximately $53.1 billion had been obligated and $51.6 billion disbursed as of March 31, 2015.99

This section discusses assessments of the ANA and ANP and the Ministries of Defense and Interior; gives an overview of how U.S. funds are used to build, equip, train, and sustain the Afghan security forces; and provides an update on efforts to combat the cultivation of and commerce in illicit narcotics in Afghanistan.

Source: OSD-P, email correspondence with SIGAR, 4/13/2015.
KEY ISSUES AND EVENTS THIS QUARTER

Afghan President and CEO Visit the United States

During the week of March 22, 2015, President Ashraf Ghani and Chief Executive Officer (CEO) Abdullah Abdullah visited the United States. The leaders conferred with President Obama, addressed the U.S. Congress, met with the Secretaries of Defense and State, visited Camp David, and spoke at various institutions.

The security-related highlights of the visit included:

- On March 24, during a press conference at the White House with Ghani, President Obama announced his decision to maintain the current strength of 9,800 deployed U.S. troops into 2016, postponing the original plan to halve the number of U.S. forces in Afghanistan by the end of 2015.100
- During a March 23 press conference at Camp David, U.S. Defense Secretary Ashton B. Carter announced the department intends to seek funding through 2017 to sustain the ANSF at an authorized force strength of 352,000.101
- Ghani addressed a joint meeting of Congress on March 24 in which he expressed a profound debt to U.S. servicemen and women who served in Afghanistan and to those who lost their lives to keep Afghanistan free. He also thanked Americans who came to his country to help build schools, care for the sick, and provide clean water.102
- During his address, Ghani also reaffirmed the strategic partnership agreement and the Bilateral Security Agreement, defined the framework for Afghanistan’s relationship with the United States, and committed Afghanistan to becoming self-reliant by the end of this decade.103
- During a forum at the U.S. Institute for Peace addressing how peace with the Taliban is possible, Ghani emphasized the importance of Pakistan. He said both governments now acknowledge their undeclared state of hostilities and his position that the fundamental problem is not about peace with the Taliban, but instead about peace between Pakistan and Afghanistan.104

For more information on the Afghan leaders’ visit, see page 127 of this report.

ANSF Leading Security Operations

When the International Security Assistance Force (ISAF) concluded operations at the end of 2014 and the new NATO-led Resolute Support Mission (RSM) began its training, advising, and assisting role on January 1, 2015, the ANSF assumed responsibility for the security of Afghanistan. In mid-February 2015, the ANSF began Operation Zulfiqar, reportedly the largest operation the ANSF has ever conducted independently, to clear Helmand of insurgents ahead of the spring fighting season.106 This joint cross-ministry operation was planned and led by the ANA’s 215th Corps, with support from
the 205th and 207th Corps, and includes units from the Afghan Air Force (AAF), ANA Special Operations Command, and the ANP.106

On April 8, 2015, an ANA commander announced the 50-day Zulfiqar military operation had ended, resulting in the deaths of 418 insurgents, 93 security personnel, and seven civilians.107 The same day, local officials reported Afghan police leaving checkpoints in Sangin, possibly indicating police could not remain at their posts without ANA support.108 The reports of the ANA and the police departing after clearing the district conflicted with an earlier statement by Helmand’s deputy governor that the government planned to build army and police posts throughout the district to keep the Taliban from returning.109 A month later, local officials reported the Taliban controlled most of the district with government forces controlling only the bazaar and the asphalt road.110

With the uptick in fighting, increased civilian casualties were reported in Sangin, a Taliban stronghold in northern Helmand. Since the operation began, the local hospital had admitted 30% more patients than during the same period last year.111 The hospital reported more civilians are getting caught in crossfire. A hospital official said, “These are not normal numbers for the place and it's never been peaceful.”112 A Helmand-based civil activist group reported 1,500 families had left the district to escape the violence.113

On April 14, 2015, the interior minister told the Afghan parliament that 11 provinces face high-level security threats and nine others face medium-level security threats.114

The U.S. Director of National Intelligence, James Clapper, in his statement for the record submitted to the U.S. Congress, reportedly sees the Taliban steadily reasserting influence over significant portions of the Pashtun countryside in 2015, as the Taliban view the exit of Coalition forces as a sign of their inevitable victory.115 Clapper expects the Afghan military to maintain control of the largest cities, but does not expect the ANSF to remain a cohesive or viable security force without continued donor contributions.116

UN Reports Security Incidents Decreasing but Afghanistan Still Volatile

The security situation in Afghanistan remained volatile, according to the United Nations Assistance Mission in Afghanistan (UNAMA). The number of security incidents was less than in March 2013, as reflected in Table 3.6 on the following page. However, there were still 9.2% more incidents recorded this period than the 4,649 recorded during same period in 2013–2014 and 33.2% more from the same period in 2012–2013.117 The UN reported the highest number of security incidents in the months of December 2014 and January 2015 compared with the same period in each year since 2001, a fact it attributed to the relatively mild winter.118

The UN recorded 5,075 security incidents from November 16, 2014, through February 15, 2015, that included 191 assassinations and 40
Security

attempted assassinations, increases of 26.4% and 29% over the same period in 2013–2014. Armed clashes (46.8%) and IED events (30.9%) accounted for nearly 78% of all security incidents. Some 40 suicide attacks occurred, including one at an Afghan Local Police (ALP) commander’s funeral in Laghman that resulted in 15 fatalities, among them senior ALP personnel.119

Following the spike in insurgent activity in Kabul during October and November, operations by Afghan security forces, supported by Coalition forces, contributed to reducing the number of high-profile insurgent operations in the capital. Suicide attacks were down from 10 to five, while improvised-explosive-device (IED) attacks were down from 18 to five during December and January. 120

In his February 27, 2015, report to the UN Security Council, the UN Secretary-General predicted the coming summer season will see an intensification of the armed conflict.121 He also affirmed that peace remains the fundamental precondition to durable and sustained political and economic progress in Afghanistan.122

On April 12, 2015, concerned with the record-high civilian casualties and the impact on civilians during the seasonal resumption of conflict-related violence, the UNAMA head called on all parties to prevent harm to civilians. UNAMA reports civilian casualties from ground engagements increased 8% compared to the same period in 2014 and pled for the parties to stop using mortars and rockets in populated areas.123

The UN reported that despite media speculation about the presence of antigovernment elements linked to the Islamic State in Iraq and the Levant (ISIL), there is no indication of widespread or systematic support for or accommodation of ISIL in Afghanistan.124 However, on April 18, 2015, President Ghani blamed a suicide bombing in Jalalabad that reportedly killed 35 people and wounded 125 on ISIL. The Taliban denied involvement.125

“The United Nations calls on the Taliban to cease all attacks against persons who are not taking a direct part in hostilities.”

—Georgette Gagnon, Director, UNAMA Human Rights


<table>
<thead>
<tr>
<th>Date Range</th>
<th>Number of Security Incidents</th>
<th>Number of Days</th>
<th>Average Number of Security Incidents per Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/16/2013-2/15/2014</td>
<td>4,649</td>
<td>92</td>
<td>50.5</td>
</tr>
<tr>
<td>3/1/2014-5/31/2014</td>
<td>5,864</td>
<td>92</td>
<td>63.7</td>
</tr>
<tr>
<td>6/1/2014-8/15/2014</td>
<td>5,456</td>
<td>76</td>
<td>71.8</td>
</tr>
<tr>
<td>8/16/2014-11/15/2014</td>
<td>5,199</td>
<td>92</td>
<td>56.5</td>
</tr>
<tr>
<td>11/16/2014-2/15/2015</td>
<td>5,075</td>
<td>92</td>
<td>55.2</td>
</tr>
<tr>
<td>Totals and average incidents/day</td>
<td>26,243</td>
<td>444</td>
<td>59.1</td>
</tr>
</tbody>
</table>

Status of Classified ANSF Data

This quarter, RSM classified some information about ANSF personnel strength and attrition, the AAF, and the Afghan Special Mission Wing (SMW). From now on, as authorized by its enabling statute, SIGAR will publish a classified annex to this report for Congress containing the classified data.

U.S. FORCES IN AFGHANISTAN

According to USFOR-A, some 9,000 U.S. forces were serving in Afghanistan as of February 28, 2015, a decrease of 500 since December 20, 2014. Another 7,000 personnel from other Coalition nations were also serving at that time.126

On March 24, during a press conference at the White House with President Ghani, President Obama announced his decision to maintain a strength of 9,800 deployed U.S. troops into 2016, deferring the original plan to halve the number of U.S. forces in Afghanistan during 2015. The decision allows U.S. troops to remain at bases that are critical for gathering intelligence and launching counterterrorism operations, as well as to continue air and logistical support to the ANSF.127 Since military operations began in 2001, a total of 2,215 U.S. military personnel have died in Afghanistan—83% of whom were killed in action—and 20,026 were wounded as of March 30, 2015.128

Seven insider attacks against U.S. forces during 2014 resulted in four deaths and 15 personnel wounded.129 This is one more attack than USFOR-A reported last quarter; the earlier number was updated after a review revealed U.S. forces were the probable target of one additional attack.130 One insider attack against U.S. forces has occurred in 2015, killing one soldier and wounding two others. This attack ended the longest period between combat-zone deaths of U.S. military members since September 2001.131 Another attack during 2015 killed three U.S. contractors and wounded one.132

ANSF STRENGTH SHOWS SLIGHT INCREASE

This quarter, ANSF's assigned force strength was 328,805 (including civilians), according to USFOR-A. As reflected in Table 3.7 on the following page, this is 91.3% of the ANSF target force strength of 360,004. (The commonly cited end-strength goal of 352,000 does not count civilian employees). The new assigned-strength number reflects an increase of 3,163 since November 2014.133 The increase came in the ANA, which grew by 4,917, while the ANP decreased by 1,754, as shown in Table 3.8 on the following page.134

This quarter, details of ANSF force strength at corps level and below remained classified. SIGAR will therefore report on them in a classified annex to this report.

SIGAR ESSAY

This quarter, SIGAR took an in-depth look at why having accurate, reliable force strength numbers for the ANSF matters. To read this analysis, see Section 1, page 3.
DOD To Seek Funding for Larger ANSF

During the March 23, 2015, press conference at Camp David, Secretary of Defense Ashton B. Carter announced the Defense Department intends to seek funding through 2017 to sustain the ANSF at an authorized force strength of 352,000. Previously, the United States had agreed at the 2012 Chicago Conference to reduce the ANSF to 228,500 as a cost-saving measure.135 Carter stated both Coalition and Afghan military commanders recommended the 352,000 force size to ensure lasting security gains.136

DOD reports the total annual cost for the ministries of Defense and Interior and the ANSF, at the current authorized force strength of 352,000, is $5.5 billion a year. To help meet that need for fiscal year (FY) 2015, the U.S. government appropriated $4.1 billion for ASFF. While DOD has requested just over $3.7 billion for FY 2016, future sustainment costs will depend on the size, structure, and operational tempo of the force.137

MOD Remains Without a Minister

As SIGAR went to press, the MOD remained without a confirmed minister. President Ghani’s second choice for minister of defense withdrew his nomination on April 8, 2015. Ghani had nominated General Mohammad

---

**TABLE 3.7**

<table>
<thead>
<tr>
<th>ANSF Component</th>
<th>Approved End-Force Strength Goal</th>
<th>Target Date</th>
<th>Current Assigned as of February 2015</th>
<th>% of Target Authorization</th>
<th>Difference Between Current Assigned and Approved End-Force Strength Goals</th>
<th>Difference (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANA including Afghan Air Force</td>
<td>195,000</td>
<td>December 2014</td>
<td>167,024</td>
<td>85.7%</td>
<td>(27,976)</td>
<td>(14.3%)</td>
</tr>
<tr>
<td>ANA including AAF Civilians</td>
<td>8,004</td>
<td></td>
<td>7,096</td>
<td>88.7%</td>
<td>(908)</td>
<td>(11.3%)</td>
</tr>
<tr>
<td><strong>ANA + AAF Total</strong></td>
<td><strong>203,004</strong></td>
<td></td>
<td><strong>174,120</strong></td>
<td><strong>85.8%</strong></td>
<td><strong>(28,884)</strong></td>
<td><strong>(14.2%)</strong></td>
</tr>
<tr>
<td>Afghan National Police</td>
<td>157,000</td>
<td>February 2013</td>
<td>154,685</td>
<td>98.5%</td>
<td>(2,315)</td>
<td>(1.5%)</td>
</tr>
<tr>
<td><strong>ANSF Total with Civilians</strong></td>
<td><strong>360,004</strong></td>
<td></td>
<td><strong>328,805</strong></td>
<td><strong>91.3%</strong></td>
<td><strong>(31,199)</strong></td>
<td><strong>(8.7%)</strong></td>
</tr>
</tbody>
</table>


**TABLE 3.8**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ANA including AAF</td>
<td>184,839</td>
<td>177,489</td>
<td>171,601</td>
<td>169,203</td>
<td>174,120</td>
</tr>
<tr>
<td>ANP*</td>
<td>153,269</td>
<td>152,123</td>
<td>153,317</td>
<td>156,439</td>
<td>154,685</td>
</tr>
<tr>
<td><strong>Total ANSF</strong></td>
<td><strong>338,108</strong></td>
<td><strong>329,612</strong></td>
<td><strong>324,918</strong></td>
<td><strong>325,642</strong></td>
<td><strong>328,805</strong></td>
</tr>
</tbody>
</table>

Note: Afghan Army and Air Force numbers include 7,096 civilians. Available data for ANP do not indicate whether civilians are included. *Reported November 2014 ANP number appears to double-count some Afghan Uniformed Police; actual number may be 151,272.

Afzal Ludin, a military advisor in the National Security Council, on April 6. However, General Ludin said he did not wish his nomination to prove divisive for the country. In January, Afghan parliamentarians rejected Ghani’s nomination of then-acting Defense Minister General Sher Mohammad Karimi to lead the country’s military forces. The MOD has been without a confirmed minister since September 29, 2014, when Ghani was sworn in as president.

ANSF Attrition Declines
ANSF attrition rates are declining, according to reporting provided to RSM by the MOD and MOI, although neither the ANA nor the ANP has attained the ANSF-established goal of a 1.40% average monthly attrition. The ANA has a monthly average attrition rate of 2.55% compared to the ANP’s 1.64%. This is a significant 1% decline from the average monthly attrition rates for the ANA in 2013 (3.52%) and 2014 (3.62%). ANP monthly attrition rates for four of the past five months have been below normal averages.

To assist the MOD and MOI in mitigating attrition, RSM identified five areas for the Afghans to evaluate. These focused on fairly assigning, promoting, and paying soldiers and patrolmen; providing improved quality of life conditions, such as leave and casualty care; and holding leaders accountable.

The UN supported the Afghan security forces in revising verification procedures for recruitment into the ANSF. The revised procedures require the recruit to be an Afghan citizen, at least 18 years of age (sometimes difficult to verify in a country with limited birth records), who can pass the medical and character tests, and meet literacy requirements.

This quarter, more detailed information on ANSF attrition remained classified. SIGAR will report on this in a classified annex to this report.

Resolute Support Changes Assessment Reporting
Effective January 1, 2015, NATO changed the method of assessing the ANSF to align with the new train, advise, and assist mission. The Monthly ANSF Assessment Report (MAAR) has superseded the Regional ANSF Status Report (RASR) that was used since August 2013. The RASR summary that SIGAR received provided reporting at the brigade level with synthesized analysis of observations and shortfalls, highlighting priority issues hampering long-term ANSF sustainability, and assessments of the ANSF operational and equipment readiness status. The MAAR will assess aggregate ANSF capability and effectiveness for eight essential functions related to the unit’s capacity to perform such functions as force generation, resource management, sustainment, intelligence, and strategic communications. The MAAR provides the ability to evaluate the capabilities of the Ministries of Defense and Interior, their institutions, and their corps/provincial headquarters, and to determine how well they perform those functions to support their forces in defeating the insurgency and securing Afghanistan.
The first MAAR assessed select ANA and ANP capabilities during January 2015, as shown in Table 3.9. One MAAR combines all seven ANA corps and the 111th Capital Division into a single assessment. Another MAAR combines all seven Operations Coordination Centers-Regional (OCC-Rs) into a single assessment. Two ANP components are assessed in separate MAARs: one combines the seven Afghan Uniformed Police (AUP) zones; another combines the seven Afghan Border Police (ABP) zones. The ANP’s Afghan National Civil Order Police (ANCOP) are no longer assessed.

There are six assessment categories for the ANA and ANP and seven categories for the OCC-Rs to address operational and sustainment effectiveness. Every ANSF component is assessed on command and leadership; the ANA, AUP, and ABP are also assessed on command and control, personnel and training, and sustainment. The ANA corps/division is further assessed on combined arms, while the AUP and ABP are assessed on integration with other ANSF units. The remaining five categories for the OCC-Rs are intra-ANSF command and control, enabler coordination, intelligence sharing, logistics coordination, and information, communications, and technology.

The assessment ratings are similar to the RASR ratings: sustaining, fully capable/effective, capable/effective, partially capable/effective, in development, or not rated due to lack of advisory presence.

The first MAAR assessed 93% of ANSF components, rated in several categories, as capable, fully capable, or sustaining. USFOR-A reports that while progress is being made, the ANSF still struggles in the areas of sustainment and installation management. However, with decreased U.S. and Coalition oversight, the reliability of the ANSF-provided assessment data cannot be validated.

USFOR-A said the ANA demonstrated improvements in combined-arms integration through information sharing with the OCC-Rs. USFOR-A Commander General John F. Campbell told a congressional panel this quarter he has counseled the Afghans to not plan operations wholly dependent upon U.S. close-air support. “The Taliban doesn’t have close-air support,” he said. “The Taliban doesn’t have up- armored Humvees. The Taliban doesn’t have D-30 howitzers. The Taliban doesn’t have, you know, weapons that you have.” USFOR-A also reported the ANA still had challenges accurately forecasting supply demands and tracking consumption.

USFOR-A reports effective ANP higher-level leadership and positive outcomes in operations integrated with the ANA, but says police are challenged by lack of evidence-collection equipment and an inability to get evidence to the labs. The ANPs reported inability to use secure communications during police operations is also a cause of concern. The OCC-Rs serve as a coordinating authority between the ANSF, provincial government officials, and other government officials. ANSF units use OCC-Rs
### Table 3.9

**MONTHLY ANSF ASSESSMENT REPORT, JANUARY 2015
COMMANDS IN SEVEN GEOGRAPHICAL REGIONS ASSESSED IN EACH CATEGORY**

<table>
<thead>
<tr>
<th>ANA Corps and 111th Capital Division</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Command Assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combined Arms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Command &amp; Control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel &amp; Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ANP</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AUP Command Assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUP Leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUP Integration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUP Command &amp; Control</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUP Personnel &amp; Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUP Sustainment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABP Command Assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABP Leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABP Integration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABP Command &amp; Control</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABP Personnel &amp; Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABP Sustainment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OCC-Rs</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Command Assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IntraANSF Command &amp; Control</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enabler Coordination</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intel Sharing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logistics Coordination</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Color Key**

- **Sustaining**
- **Fully Capable**
- **Capable**
- **Partially Capable**
- **Developing**
- **Not Assessed**

Note: Specific region not identified due to classification. AUP = Afghan Uniformed Police; ABP = Afghan Border Police; OCC-R = Operational Coordination Centers-Regional; ICT = Information, Communications, and Technology

for communication sharing between units as well as between regional and provincial OCCs. However, USFOR-A reports that facilities and equipment maintenance continues to be a challenge for OCC-R leaders.\textsuperscript{162}

**ANSF Detainees**
UNAMA reported one-third of the 790 detainees they interviewed experienced torture or ill treatment on arrest or in an Afghan security-forces detention facility. While the number of incidents decreased by 14\% compared with January 2013 reporting, the UN stressed increased efforts were needed for Afghanistan to comply with international law. The UN found a pervasive lack of accountability for perpetrators of torture and observed continuing impunity for those involved. In response to the UN report, the national-unity government announced a national action plan to eliminate torture that includes regulatory reforms, deterrence measures, and comprehensive training programs.\textsuperscript{163}

**MOD and MOI Continuing Literacy Training**
This quarter, USFOR-A reported the MOD and MOI are benefitting from train-the-trainer programs at all regional training areas.\textsuperscript{164} Two third-party, nonprofit organizations are also conducting literacy training to the police in the field.\textsuperscript{165} USFOR-A reports the MOD has 15,000 soldiers in 324 classes being conducted in all provinces. While reportedly less capable than contracted trainers, the MOD and MOI are establishing an internally resourced literacy program. When an Afghan-contracted literacy class is held, the Afghan trainers in training serve as assistant instructors to build their capability.\textsuperscript{166}

**MINISTRY OF DEFENSE AND MINISTRY OF INTERIOR ASSESSMENTS**
RSM focuses on training, advising, and assisting the MOD and MOI at the ministerial, institutional, and operational levels. RSM developed a security-force assistance framework, with seven focus areas, to guide Afghan and Coalition efforts to develop capacity and core competencies of the ministries for enduring sustainability.\textsuperscript{167} The eight essential functions (EF) directorates lead RSM’s efforts to identify the processes and build the assessment framework, known as the Plan of Actions and Milestones (POAM).\textsuperscript{168} The respective EF processes, milestones, and associated actions for ministry offices and departments are captured in separate POAMs.\textsuperscript{169} Each process can have more than one milestone and each milestone can have one or many associated actions.

This quarter, EF1, the RSM directorate for planning, programming, budgeting, and executing programs, added one additional milestone to both the
MOD and MOI assessments. This brings to 49 the number of milestones on which the MOD is assessed. The MOI is assessed on 43.170

An example of an associated action, process, and milestone would be to develop an operationally informed list of requirements as part of the MOD medium-term budget-framework development process. The milestone is for the ministry to be capable of accurately identifying requirements, programs, and funding over a three-year horizon based on strategic guidance.171

Each EF directorate uses the POAM to assess the essential-function capabilities of every ministry’s offices.172 The offices are assessed based on the five-stage rating system displayed in Table 3.10 on the following page.173 Every office assessment is then combined to determine the overall assessment of that department. All department assessments, in turn, are combined to determine the assessment of the ministry as a whole.174

The five ratings reflect the degree to which Afghan systems are in place, functioning, and used effectively. The highest rating, “sustaining capability,” indicates an Afghan ministry can perform a specific function without Coalition advising or involvement.175 As of this quarter, no essential function of either the MOD or MOI had achieved a rating of “sustaining capability” (the highest rating) or “fully capable” (the second highest rating) as shown in Table 3.10. Under the previous assessment tool, the Capability Milestone (CM) rating system, which assessed ministerial and general staff offices (rather than essential functions), several offices had achieved the highest ratings of “autonomous” or “capable with oversight.” For more information on the CM rating system, see page 97 of SIGAR’s October 2014 Quarterly Report to the United States Congress.176

According to the current assessment, all MOD and MOI development conditions are at least at the “initiated” stage. The MOD has increased the
For the MOI, 27.9% of its development conditions are “partially capable”; an increase from last quarter’s rating of 10%. By the end of FY 2016, RSM forecasts both the MOD and MOI will have achieved sustaining capability in approximately 50% of their milestones. Additionally, they forecast the MOD will achieve a combined fully capable/sustaining capability of 90% and the MOI to attain 86%. The medical corps is one area not expected to achieve sustaining capability for many years due to Afghanistan’s lack of fully trained medical professionals.

Note: EF1 & EF7 assessments as of 3/1/2015; EF2 & EF5 - 2/26/2015; EF3 & EF6 - 2/12/2015; EF4 - 2/17/2015; EF8 - 2/20/2015. Sustaining Capability/Effectiveness: Condition fully achieved. Advising only as requested by ANSF counterparts if opportunity and resources permit. Fully Capable/Effective: Developmental conditions nearly achieved. ANSF element fully capable but still requires attention; on track to be achieved by end of Resolute Support Mission; advising will continue. Partially Capable/Effective: Development conditions in progress. ANSF element is partially capable/effective. Conditions can be achieved by end of Resolute Support Mission; advising will continue. Initiated (In Development): Baseline design initiated by ANSF element; plan ready for implementation. Scoped and Agreed Upon: Development tasks/milestones (conditions) scoped and agreed; baseline capability and measures not complete. Not Scoped/Agreed: Development tasks/milestones (conditions) not scoped and/or agreed upon.

There are 311 U.S. personnel advising or mentoring the MOD and MOI; and an additional 111 Coalition advisors.\(^{180}\)

CSTC-A reports they will maintain three existing training and mentoring support contracts, totaling $183.4 million in 2015, until a single omnibus contract is fielded in the first quarter of FY 2016.\(^{181}\) The Coalition assesses that the ANSF will require ministerial development, logistics, professionalization, and acquisition-management support through 2017.\(^{182}\)

**AFGHAN LOCAL POLICE**

The Afghan Local Police (ALP) is under MOI authority and functions under the supervision of the district Afghan Uniformed Police (AUP). ALP members, known as "guardians," are selected by village elders or local power brokers to protect their communities against Taliban attack, guard facilities, and conduct local counterinsurgency missions.\(^{183}\) As of April 4, 2015, the ALP comprised 28,376 personnel, according to the NATO Special Operations Component Command-Afghanistan (NSOCC-A).\(^{184}\) That is a slight reduction of 74 since February 28, when the ALP comprised 28,450 personnel, all but 4,000 of whom were fully trained.\(^{185}\) The number trained decreased due to combat losses, *tashkil* (organizational-strength) redistribution, and attrition.\(^{186}\) The goal was to have 30,000 personnel in 154 districts by the end of December 2014, assigned to 1,320 checkpoints across 29 provinces.\(^{187}\)

According to NSOCC-A, the ALP will cost $121 million per year to sustain once it reaches its target strength.\(^{188}\) The United States has provided $469.7 million to support the ALP as of April 1, 2015.\(^{189}\) The United States has provided the ALP with equipment such as rifles, machine guns, light trucks, motorcycles, and radios.\(^{190}\)

According to NSOCC-A, the ALP has a retention rate of 93%. During the past year, NSOCC-A reported a low attrition rate of 1–2% per month. During the last quarter of 2014, the ALP had 1.82% of its force killed or wounded in action, a decrease from the 2.05% reported for same time period in 2013.\(^{191}\)

The Afghan government has not determined the final disposition of the ALP or its funding source.\(^{192}\) DOD says U.S. policy on funding the ALP has not yet been determined.\(^{193}\) According to an independent assessment conducted by NSOCC-A based on data provided by Eureka Research and Evaluation focus-group surveys in ALP districts, the majority of Afghans surveyed perceived the ALP as an effective security element and stabilizing force.\(^{194}\) That finding is consistent with survey results from March 2014 that public perceptions of ALP’s value to community security were positive overall.\(^{195}\) For details on the last survey results, refer to page 98 in SIGAR’s January 2015 Quarterly Report to the United States Congress.\(^{196}\)

---

*Tashkil*: the list of personnel and equipment requirements used by the MOD and MOI. The word means “organization” in Dari.

---


---

**SIGAR AUDIT**

In an ongoing audit, SIGAR is reviewing DOD’s support to the ALP program, the extent to which the ALP is achieving its security goals, oversight and controls of ALP salary payments, and future planning for the ALP.
AFGHAN PUBLIC PROTECTION FORCE TRANSITION AWAITING PRESIDENTIAL ACTION

The Afghan Public Protection Force (APPF), a state-owned enterprise under the authority of the MOI, established to provide contract-based facility and convoy-security services in Afghanistan, was ordered in 2013 to be dissolved and its guard functions transitioned to the ANP. However, USFOR-A reports the APPF is currently operating and providing limited convoy-escort security. The APPF charter is awaiting presidential signature before being presented to the Council of Ministers. For details on the last update on restructuring the security services into three parts, refer to page 88 in SIGAR’s October 2014 Quarterly Report to the United States Congress.

Facilities Protection Force

On September 13, 2014, ISAF commander General John F. Campbell and the Afghan National Security Advisor signed a memorandum of understanding (MOU) regarding the security of Afghan and U.S./NATO security facilities. According to the MOU, the MOD “will field an organization known as the Facilities Protection Force” (FPF) of 5,030 personnel to provide security for select forward operating bases being turned over to the MOD. The FPF will be employed by the MOD but will not be part of the regular ANA. USFOR-A will provide funding for FPF salaries for one year at a cost of $13.7 million, with the option to fund the force for an additional year. According to the MOU, the MOD will allow CSTC-A “to inspect and audit financial records” and that the “funds will be auditable by all U.S. Government agencies responsible for oversight of CSTC-A and U.S. Forces-Afghanistan.”

The MOU also provides for Afghan force protection of the perimeters of U.S./NATO agreed-upon facilities and authorizes U.S./NATO forces “to utilize contracted armed security services inside NATO/U.S. agreed facilities.”

AFGHAN NATIONAL ARMY

As of March 31, 2015, the United States had obligated $35.5 billion and disbursed $34.4 billion of ASFF funds to build, train, equip, and sustain the ANA.

Number of ANA Personnel Rebounds Slightly

As of February 20, 2015, the overall assigned end strength of the ANA—which includes the AAF and civilians—was 174,120 personnel, according to RSM. This is an increase of 4,917 ANA personnel since last quarter, when the ANA’s November 2014 assigned end strength was reported at 169,203, and a reversal of a decreasing trend since February 2014. USFOR-A reports that MOD provides ANA personnel data. Until Afghanistan
completed installation of its human-resource information systems and inputs the data, however, RSM will not be able to validate MOD’s strength numbers. Even then, SIGAR believes it is unlikely RSM will have the personnel and resources to validate ANA personnel numbers other than by analyzing reports based on Afghan inputs into the new system.

This quarter, some details of ANA troop strength remained classified. SIGAR will provide Congress a classified annex to this report.

ANA Attrition
In past quarterly reports, SIGAR reported on its concerns about ANA attrition. Between September 2013 and August 2014, more than 36,000 ANA personnel were dropped from ANA rolls, an average of 3,000 per month. This quarter 2,225 ANA personnel were dropped from the rolls. However, USFOR-A reported an ANA training surge will result in approximately 5,000 new soldiers being added to the rolls when they complete training during April 2015.

This quarter, some details of ANA attrition remained classified. SIGAR will report on this in a classified annex to this report.

ANA Sustainment
As of March 31, 2015, the United States had obligated $14.3 billion and disbursed $14.0 billion of ASFF funds for ANA sustainment. The most prominent use of ASFF sustainment funding is for salaries and incentive payments; other uses include items such as ammunition replenishment and fuel purchases. Funding for food ceased on December 21, 2013, after CSTC-A suspected widespread fraud by the MOD.

The U.S. Congress appropriates funds to the ASFF for the training, equipping, sustaining, and funding of the ANSF, as well as to provide funding for facility repair and construction. DOD is authorized to use ASFF to provide funds directly (on budget) to the Afghan government. To ensure U.S. funds are used as intended, CSTC-A, the MOD, and the Ministry of Finance (MOF) signed a Bilateral Financial Commitment Letter. The Afghan FY 1394 financial-commitment letter requires the MOD to document fuel consumption and deliveries. CSTC-A is to set the following month’s fuel allocation based on the sufficiency of the fuel documentation. Further reductions in fuel allocations are to occur if the documentation quality does not improve and if required audits and corrective actions are not performed within the agreed-to time frame. For information on the ongoing fuel investigation, see pages 135–136 of this report.

ANA Salaries and Incentives
As of March 31, 2015, CSTC-A reported that the United States had provided $2.6 billion through the ASFF to pay for ANA salaries, food, and incentives since FY 2009. CSTC-A also estimated the annual amount of

SIGAR AUDIT
An audit SIGAR initiated this quarter will focus on DOD’s procurement, maintenance, and oversight of occupational clothing and individual equipment (OCIE) purchases for the ANSF. For more information, See Section 2, page 28.
funding required for ANA base salaries, bonuses, and incentives this year is $710.4 million. CSTC-A said the funding will range from a high of $741.7 million and a low of $613.6 million—an average of $690 million annually—over the next five years.217

Incentives are used to retain high-quality soldiers and airmen. ANA personnel are eligible for various incentives, in addition to their base salaries. Examples include occupational incentives (such as aviation, medical, engineering/explosive-ordnance disposal), hazard-pay incentives, and longevity-pay incentives for every three additional years of continuous service.218

CSTC-A noted that funding is provided on the basis of 100% of the ANA’s authorized, not assigned, strength.219 To encourage the MOD to use electronic payment systems, beginning in July 2015, CSTC-A plans to provide 100% funding only for those authorized tashkil positions being paid electronically; pay for other positions will be 80% funded.220 Additionally, by June 1, 2015, all ANA personnel records are required to be input into the Afghan Human Resources Information Management System and all personnel must be assigned a tashkil position.221

**ANA Equipment and Transportation**

As of March 31, 2015, the United States had obligated $11.7 billion and disbursed $11.6 billion of the ASFF for ANA equipment and transportation.222 Most of these funds were used to purchase vehicles, aircraft, communication equipment, weapons, and related equipment. Approximately 50% of U.S. funding in this category was for vehicles and transportation-related equipment, as shown in Table 3.11.223

Because CSTC-A used a new reporting format last quarter, SIGAR did not report quarter-to-quarter comparisons. This quarter, CSTC-A reported

<table>
<thead>
<tr>
<th>Type of Equipment</th>
<th>Procured</th>
<th>Procured and Fielded to the ANA</th>
<th>Remaining to be Procured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapons</td>
<td>$613,581,608</td>
<td>$522,336,282</td>
<td>$1,700,000</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5,405,890,683</td>
<td>4,767,803,280</td>
<td>TBD</td>
</tr>
<tr>
<td>Communications</td>
<td>709,157,101</td>
<td>688,157,101</td>
<td>TBD</td>
</tr>
<tr>
<td>Aircraft</td>
<td>1,091,376,104</td>
<td>649,861,508</td>
<td>441,514,596</td>
</tr>
<tr>
<td>Ammunition</td>
<td>1,699,431,299</td>
<td>1,563,013,160</td>
<td>TBD</td>
</tr>
<tr>
<td>Transportation Services</td>
<td>40,000,000</td>
<td>13,459,569</td>
<td>26,540,431</td>
</tr>
<tr>
<td>Counter-IED</td>
<td>330,656,219</td>
<td>296,489,871</td>
<td>2,700,000</td>
</tr>
<tr>
<td>Other</td>
<td>883,546,190</td>
<td>773,658,682</td>
<td>1,005,377</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,773,639,204</strong></td>
<td><strong>$9,274,779,453</strong></td>
<td><strong>$473,460,404</strong></td>
</tr>
</tbody>
</table>

Note: Counter-IED = Counter-improvised explosive devices. TBD = To be determined; amount depends on how much damaged and destroyed equipment is turned in for replacement.

an increase in most equipment categories and corrected prior cumulative reporting figures. Table 3.12 reflects an $879.3 million increase in the three commonly reported types of equipment since September 2014. CSTC-A reported more than 426,000 weapons, 104,000 communication devices, and 56,000 vehicles had been procured for the ANA. The bulk of the “other” equipment category is clothing, such as uniforms, and individual equipment.

CSTC-A notified Congress that some ASFF-purchased equipment for the ANA will be transferred to DOD in accordance with the FY 2014 National Defense Authorization Act (NDAA) provision. Table 3.13 provides more details on these transfers.

USFOR-A led a vehicle team of DOD subject-matter experts that identified logistical and sustainment gaps necessary for the Afghans to overcome prior to assuming full supply-management ownership. This quarter the team identified additional gaps and solutions, including:
- developing the contract requirements to provide maintenance management training at all the regional maintenance sites
- the ANA approved life-cycle management tashkil positions to address personnel shortfalls; RSM EF5 is developing a life-cycle management training program
- recruiting Afghan college graduates, training them in supply functions and computer systems, and assigning them to critical supply sites

The financial-commitment letter providing funds to the MOD for Afghan FY 1394 requires the MOD to determine the types and the number of vehicles it needs, ensure that maintenance is done following standard practices, and ensure that vehicles are used as intended prior to CSTC-A providing additional vehicle funding.

**ANA Infrastructure**

As of March 31, 2015, the United States had obligated $6.2 billion and disbursed $5.6 billion of the ASFF for ANA infrastructure.
At that time, the United States had completed 357 infrastructure projects (valued at $4.8 billion), with another 24 projects ongoing ($512 million) and two planned ($81 million), according to CSTC-A.230

The largest ongoing ANA infrastructure projects this quarter, as last quarter, were brigade garrisons for the 2nd Brigade of the 201st Corps in Kunar (at a cost of $115.7 million) and the 2nd Brigade of the 215th Corps in Nimroz ($78.7 million), and phase three of the MOD headquarters and garrisons ($58.6 million). All are expected to be completed by the end of summer.231 In addition, one project was awarded this quarter at a cost of $7 million, and 14 projects were completed at a cost of $156.3 million, including the garrison for the 2nd Brigade of the 209th Corps in Kunduz ($25.8 million).232 CSTC-A reported that one facility was transferred to the ANSF since the beginning of December. The transfer of the remaining 19 facilities is contingent on the ANSF training readiness and their ability to effectively perform contracting functions.233

According to CSTC-A, the projected operations-and-maintenance (O&M), sustainment, restoration, and minor-construction costs for ANA infrastructure for FY 2015 through FY 2019 is $168 million a year, for a total of $840 million. The ANA has authorized 3,100 positions to maintain these facilities.234

The FY 1394 MOD financial-commitment letter requires the Afghan government to provide CSTC-A a transition and sustainment plan for the transferred facilities, including infrastructure security, by the end of 2015.235

ANA and MOD Training and Operations
As of March 31, 2015, the United States had obligated and disbursed $3.3 billion of the ASFF for ANA and MOD operations and training.236

CSTC-A reported 18 ongoing U.S.-funded technical training programs.237 Additionally, USFOR-A reported two contracts for training, advising, and assisting the ANA Training and Education Command at Marshal Fahim National Defense University that require RSM to perform and report monthly contractor-performance observations.238 U.S.-funded training contracts include special operations, counter improvised-explosive-device and explosive-ordnance disposal, and intelligence training.239

Afghan Air Force and the Special Mission Wing
The United States has a considerable investment in the AAF. Between FY 2010 and FY 2015, the United States provided more than $6.8 billion to support and develop the 7,800-person AAF, including over $3.3 billion for equipment and aircraft.240 In addition, DOD requested more than $548 million, including $22 million for equipment and aircraft, in FY 2016 for the AAF. However, the majority of the funding is being requested for sustainment and training.241
According to CSTC-A, this quarter, the AAF has a requirement for 136 aircraft, to include:

- Mi-17 transport helicopters
- C-208 light transport planes
- MD-530 helicopters
- Mi-35 attack helicopters
- C-130H medium transport aircraft
- A-29 Super Tucanos light attack aircraft

Last month, the first of the MD-530 helicopters was delivered to the AAF. In the fourth quarter of 2015, the first of 20 A-29 Super Tucanos, a light attack aircraft for counterinsurgency, close air support, and aerial reconnaissance, will be deployed to Afghanistan. The planes are intended to replace aging Mi-35 attack helicopters.

RSM Train, Advise, and Assist Command-Air (TAAC-Air) reports working with the AAF to accelerate the growth of flight engineers and loadmasters through in-country training. There are adequate numbers of pilots in the training pipeline, according to TAAC-Air, with more pilots expected to join the force in 2016 and 2017.

According to TAAC-Air, the AAF is expected to reach full operational capability in airlift missions by early 2016, and to reach full operational capability in attack missions by early 2017. The C-130 affords new capabilities, although the AAF will need time to fully exploit the airframe’s potential. The AAF is not expected to achieve full sustainability of
maintenance capability until the end of 2023. The AAF will depend on contracted logistics support for the majority of its fleet maintenance until AAF capability exists for each type of aircraft.\textsuperscript{249}

The AAF capability to perform casualty evacuation (CASEVAC) missions has steadily increased over the last three years. With the withdrawal of Coalition forces, the AAF CASEVAC missions increased 45\% this year over last year.\textsuperscript{250} Approximately 140 AAF and ANA air medics were trained by the Coalition on CASEVAC procedures improving their capacity and capability.\textsuperscript{251} The U.S. Air Force’s 9th Air and Space Expeditionary Task Force-Afghanistan (AETF-A) assesses the AAF can provide adequate CASEVAC support if they maximize use of the C-208 aircraft at unimproved airfields and the ANSF executes missions with proper synchronization, prioritization, and disciplined command and control.\textsuperscript{252}

MOI, MOD, and National Directorate of Security leaders signed the SMW air charter on May 14, 2014, outlining the creation of a new Joint Command and Control Coordination Center (JCCC) to facilitate priority SMW missions. Both MOD and MOI special-operations forces will have liaison officers to the JCCC. The AAF is to provide personnel, recruiting, and other administrative (nonoperational) support to SMW. The SMW commander meets weekly with special-operations unit leaders to discuss pending operations and synchronize requirements and priorities.\textsuperscript{253} During FY 2015, two missions have supported six counternarcotics sorties and 68 missions have supported 115 counterterrorism sorties.\textsuperscript{254} The Afghan national security advisor is currently reviewing a proposal to transfer the SMW to the MOD.\textsuperscript{255}

U.S. reconstruction funding of $1.75 billion has been obligated for the SMW, with $920 million for aircraft and equipment.\textsuperscript{256} SMW will require Coalition funding for almost all its costs through 2020.\textsuperscript{257} The SMW consists of 450 members, 224 from the MOI and 226 from the MOD, according to NSOCC-A. Among the SMW members are 15 qualified flight crews, just short of the 2015 goal.\textsuperscript{258} The SWM fleet consists of Mi-17 helicopters and PC-12 passenger/cargo planes.\textsuperscript{259}

According to NSOCC-A, contract support for both maintenance and logistics is anticipated to be required through 2020.\textsuperscript{260} The Afghans are currently performing approximately 10\% of the scheduled maintenance on the Mi-17 fleet; it takes 60 months to fully train a Mi-17 or PC-12 mechanic.\textsuperscript{261}

This quarter, more detailed information on the AAF and the SMW remained classified. SIGAR will report on this in a classified annex to this report.

**AFGHAN NATIONAL POLICE**

As of March 31, 2015, the United States had obligated $17.2 billion and disbursed $16.8 billion of ASFF funds to build, equip, train, and sustain the ANP.\textsuperscript{262}
ANP Strength Reporting Changes

This quarter, USFOR-A reported the overall strength of the ANP totaled 154,685 personnel, a decrease of 1,754 since last quarter; as reflected in Table 3.14.263

However, another change in how ANP personnel numbers are calculated continues to raise questions about their validity. Last quarter, the reported number of the assigned Afghan Uniformed Police (AUP) personnel could not be reconciled unless traffic personnel and fire-and-rescue personnel were double-counted. This quarter, there was no reporting on the number of personnel assigned to the MOI headquarters. However, the number of AUP personnel increased by 11,854. In the past, the MOI headquarters personnel were sometimes included in the AUP personnel count.264 This quarter, the number of ANP personnel reported did not equal the total overall strength number provided. In its vetting comments, USFOR-A adjusted the overall strength number so that ANP personnel added up to the total first provided.265 SIGAR has reported on unbalanced and unsupported totals of ANSF personnel figures in past quarterly reports and audits.

USFOR-A reported the ANP had an aggregate attrition rate of 19.72% between February 21, 2014, and February 20, 2015, with most of the attrition occurring among patrolmen.266 Overall ANP monthly attrition averaged below 2% for 11 months of the year.267 Some 1,844 ANP personnel dropped

TABLE 3.14

<table>
<thead>
<tr>
<th>ANP Component</th>
<th>Authorized Q4 2014</th>
<th>Authorized Q1 2015</th>
<th>Quarterly Change</th>
<th>Assigned Q4 2014</th>
<th>Assigned Q1 2015</th>
<th>Quarterly Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUP</td>
<td>92,732</td>
<td>104,695</td>
<td>11,963</td>
<td>88,180</td>
<td>100,034</td>
<td>11,854</td>
</tr>
<tr>
<td>ABP</td>
<td>22,955</td>
<td>22,990</td>
<td>35</td>
<td>21,766</td>
<td>21,953</td>
<td>187</td>
</tr>
<tr>
<td>ANCOP</td>
<td>15,223</td>
<td>15,223</td>
<td>-</td>
<td>14,773</td>
<td>15,010</td>
<td>237</td>
</tr>
<tr>
<td>CID</td>
<td>-</td>
<td>11,592</td>
<td>11,592</td>
<td>-</td>
<td>10,847</td>
<td>10,847</td>
</tr>
<tr>
<td>NISTA</td>
<td>3,000</td>
<td>2,500</td>
<td>(500)</td>
<td>3,422</td>
<td>3,539</td>
<td>117</td>
</tr>
<tr>
<td>GDoP Reserve*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>891</td>
<td>850</td>
<td>(41)</td>
</tr>
</tbody>
</table>

Undefined personnel above authorized strength - - - - 2,452 2,452

MOI HQs & IS 24,161 - (24,161) 22,240 - (22,240)

Required to reconcile to ANP Total* - - - 5,167 - (5,167)

ANP Total (as reported) 158,071 157,000 (1,071) 156,439 154,685 (1,754)

Note: Quarters are calendar-year; Q4 2014 data as of 11/2014; Q1 2015 data as of 2/2015. AUP = Afghan Uniformed Police; ABP = Afghan Border Police; ANCOP = Afghan National Civil Order Police; CID = Criminal Investigation Department; NISTA = Not In Service for Training; GDoP = General Directorate of Personnel; IS = Institutional Support personnel.

*Personnel that are pending assignment.

*Reported Q4 2014 total assigned ANP number appears to double-count some AUP; actual number may be 151,272.

from the rolls during February 2015. Also, during the same period, the ANP saw 208 personnel killed in action.268

As with the ANA strength reporting, USFOR-A reports that until the Afghan government completes installation of their human-resource information systems and inputs the data, RSM will not be able to validate strength numbers.269 However, even if the new information system is installed, SIGAR believes it is unlikely RSM will have the personnel and resources to validate ANP personnel numbers other than by analyzing reports based on Afghan inputs into the new system.

ANP Sustainment
As of March 31, 2015, the United States had obligated $6.8 billion and disbursed $6.7 billion of ASFF funds for ANP sustainment.270 This includes $1.5 billion in U.S. contributions to the Law and Order Trust Fund for Afghanistan (LOTFA), which pays for ANP salaries. Beginning in FY 1393 (starting December 22, 2013), the United States no longer funded food costs after CSTC-A suspected widespread fraud by the MOI.271

ANP Salaries
From 2008 through December 31, 2014, the U.S. government had provided $1.24 billion, contributed through the Law and Order Trust Fund for Afghanistan (LOTFA), to pay ANP salaries, food, and incentives (extra pay for personnel engaged in combat or employed in specialty fields), CSTC-A reported.272

The United Nations Development Program (UNDP) charges 4% of donor contributions—more than $20 million based on their estimated annual expenditures—to manage the LOTFA program. The Afghan government and some international donors prefer this funding instead be applied to police salaries.273

According to CSTC-A, at an authorized strength of 157,000 personnel, the UNDP estimates annual international expenditures of $508.4 million for the ANP, based on an exchange rate of 56 afghanis to one U.S. dollar. The U.S. contribution to LOTFA for calendar year 2015 is $114.4 million to fund salaries and incentives.274 The Times of London reported in April that the British government decided to suspend its planned contribution of £70 million to LOTFA because of corruption concerns.275

The CSTC-A financial commitment letter to the MOI for Afghan FY 1394 includes the LOTFA Steering Committee mandate for the MOI to provide 100% of ANP salaries through electronic funds transfer by March 31, 2015.276 To incentivize the MOI to use electronic payment systems, beginning in July 2015, CSTC-A plans to provide funding only for those authorized tash-kil positions being paid electronically.277

SIGAR AUDIT
A SIGAR audit on ANP personnel and payroll data released last quarter found that data has no assurance of being valid, that controls and oversight are weak, and that computer systems are not fully functional or integrated. For more information, see SIGAR’s January 2015 Quarterly Report to the United States Congress.
ANP Equipment and Transportation
As of March 31, 2015, the United States had obligated and disbursed $3.6 billion of ASFF funds for ANP equipment and transportation. Most of these funds were used to purchase vehicles, aircraft, ammunition, weapons, and communication equipment, as shown in Table 3.15. The most funding in this category, more than 49.5%, was used to purchase vehicles and vehicle-related equipment.

<table>
<thead>
<tr>
<th>Type of Equipment</th>
<th>Procured</th>
<th>Procured and Fielded to the ANP</th>
<th>Remaining to be Procured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapons</td>
<td>$224,603,779</td>
<td>$205,607,238</td>
<td>$208,805</td>
</tr>
<tr>
<td>Vehicles</td>
<td>2,205,856,127</td>
<td>2,048,056,127</td>
<td>TBD</td>
</tr>
<tr>
<td>Communications</td>
<td>212,294,780</td>
<td>212,294,780</td>
<td>TBD</td>
</tr>
<tr>
<td>Aircraft</td>
<td>766,950,000</td>
<td>692,950,000</td>
<td>74,000,000</td>
</tr>
<tr>
<td>Ammunition</td>
<td>667,741,562</td>
<td>324,984,471</td>
<td>TBD</td>
</tr>
<tr>
<td>Transportation Services</td>
<td>20,026,263</td>
<td>7,770,471</td>
<td>12,255,792</td>
</tr>
<tr>
<td>Counter-IED</td>
<td>119,980,508</td>
<td>86,305,626</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>243,088,347</td>
<td>91,438,300</td>
<td>14,412,160</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,460,541,366</strong></td>
<td><strong>$3,669,407,013</strong></td>
<td><strong>$100,876,757</strong></td>
</tr>
</tbody>
</table>

Note: Counter-IED = Counter-improvised explosive devices. TBD = To be determined. Amount depends on how much damaged or destroyed equipment is turned in for replacement.

Example of the types of equipment purchased for the ANP include sophisticated items such as high-mobility, multipurpose wheeled vehicles (HMMWV); night-vision devices; global-positioning systems; explosive-ordnance disposal equipment; and biometrics; as well as ordinary items such as ambulances, spare parts, pistols, machine guns, radios, clothing, dental and medical equipment, and transportation services.

The financial commitment letter providing ASFF funds to the MOI for their FY 1394 requires the MOI to determine the types and the number of vehicles it needs, to ensure that maintenance is done following standard practices, and that vehicles are used as intended prior to CSTC-A providing additional vehicle funding.

CSTC-A notified Congress of the following ASFF-purchased equipment for the ANP that will be transferred to DOD in accordance with the FY 2014 National Defense Authorization Act (NDAA) provision. Table 3.16 provides more details on these transfers.

ANP Infrastructure
As of March 31, 2015, the United States had obligated $3.2 billion and disbursed $2.9 billion of ASFF funds for ANP infrastructure.
At that time, the United States had completed 719 infrastructure projects (valued at $3.5 billion), with another 11 projects ongoing ($101.7 million), according to CSTC-A.282

This quarter, one project valued at $4 million was awarded and 12 projects valued at $106.7 million were completed, including ammo bunkers and a fuel depot ($17.5 million and $13.9 million respectively).283 Another project, a building and utilities ($35 million) at MOI headquarters, was reported both completed and as ongoing after being recompeted.284 The largest ongoing ANP infrastructure projects were an ANCOP provincial headquarters building in Paktiya ($25 million), and the ANP command center and barracks at MOI headquarters ($24.1 million).285 CSTC-A reported that sustainment and maintenance services are being funded for 214 ANP facilities.286

According to CSTC-A, the projected annual O&M, sustainment, restoration, and minor-construction cost (less than $750,000 per project) for ANP infrastructure for FY 2015 through FY 2019 is $147 million per year, of which the U.S. will fund $131 million ($655 million over five years), with 2,184 skilled personnel required to maintain the facilities.287

CSTC-A reported that while no additional facility sustainment and maintenance had been transferred to the ANSF this reporting period, the transfer of the remaining two facilities is contingent on the training readiness and the ANSF’s ability to execute O&M contracts.288

ANP Training and Operations

As of March 31, 2015, the United States had obligated and disbursed $3.6 billion of the ASFF for ANP and MOI training and operations.289

CSTC-A reported seven ongoing U.S.-funded technical training programs.290 U.S.-funded training contracts include operational-specialty training, such as police intelligence, counter improvised-explosive-device and explosive-ordnance disposal, and radio operator and maintenance.291

STATUS OF WOMEN IN THE ANSF

This quarter, women finally account for 1% of the ANSF, in a small, but hard-earned, milestone of long-standing efforts to recruit and retain women.292

This quarter, RSM reported 3,325 women in the ANSF’s assigned force strength for ANA and ANP, including students in training and recent training graduates. Of the total, 910 were officers, 1,249 were non-commissioned officers, and 1,166 were soldiers.293

Ongoing recruitment has slightly increased the number of females joining the ANSF across Afghanistan.294 The goal to increase the number of women in the ANA by 10% was moved into a 10-year plan. In March, the MOD was scheduled to publish the FY 1394 accession plan which was to include the annual recruitment goal.295 To achieve this goal, the ANA has
waived a requirement that the recruitment of women be balanced among Afghanistan’s various ethnic groups.

As in prior quarters, the number of women in the ANP is increasing, but the ANP was far from reaching its goal of 5,000 women by March 2015. Women still make up only 1.4% of the force. There were 190 ANP female officer-academy graduates in February who graduated with the rank of second lieutenant. Graduation ceremonies were held in their honor in Kabul and Mazar-e-Sharif. Beginning in May, the basic police course, also being held in Turkey, has a goal to graduate 400 policewomen.

While resistance to women in Afghan forces has long existed within the MOD and MOI, the President and the First Lady of Afghanistan and MOD and MOI leaders have expressed support for an expanded female presence in the ANSF. The ANA and ANP are continuing their efforts to increase their numbers of women and to better integrate their forces.

The ANP is focused on finding secure workplaces with appropriate facilities for females and developing strategies to attract and retain qualified female recruits with at least a high-school degree. The 10-year goal for the ANP is to have 15,700 policewomen serving.

Both the ANA and ANP are continuing to provide training opportunities and female-appropriate facilities. The ANA has 45 slots allocated for women for the four-year National Military Academy, 90 for the one-year Junior Officer Academy, and 150 for the officer candidate school/noncommissioned officer school. The 12-week Basic Warrior Training course that every soldier takes includes a class on behavior and expectations of male soldiers who work with ANA women. The Afghan Independent Human Rights Commission conducts two-day seminars for the ANSF that include training in eliminating violence against women. The ANP conducted 51 workshops last year and is committed, during the next two years, to holding seminars on investigation and prosecution procedures toward violence-against-women offenders.

The NDAA for FY 2014 authorizes $25 million to be used for programs, facilities, recruiting, and the integration of women into the ANSF. Of the $25 million, $1.05 million has been committed for incentives and domestic travel. CSTC-A has met with gender advisors from both ministries to validate and prioritize requirements. They anticipate initial requirements will be to renovate facilities and institute a recruitment campaign. Additionally, NATO has allocated $10 million from the ANA Trust Fund for ANA women’s programs.

ANSF MEDICAL/HEALTH CARE

Since 2006, the United States has funded the construction of 184 ANSF medical facilities valued at $188.2 million. The ANA has eight regional medical hospitals, the AAF has five clinics and five detachments, and the
ANP has one hospital in Kabul but has an agreement with the ANA to treat police. At this time, no other medical-facility construction is planned.

This quarter, USFOR-A reported there are 905 physicians currently assigned in the ANSF health-care system. The total number of positions authorized is 1,144, with 574 physicians assigned in an ANA position and 331 in an ANP position. The ANA and ANP have a shortage of 166 and 73 physicians respectively. The shortage is critical in the rural districts near conflict areas, where trauma care is needed most.

The ANSF also has 2,440 nurses, physicians’ assistants, and other medical personnel, with an additional 773 positions remaining unfilled. While the number of unfilled medical personnel positions declined by 236 positions since last quarter, the overall number of authorizations also fell, by 785 positions. To compensate for shortages, the ANA medical commander shifts personnel during contingency operations to the nearest regional hospital. Physician, nurse, and medic training pipelines are established with partner international and non-government organizations to sustain the need for medical personnel.

USFOR-A reported efforts to solidify healthcare and related logistics operations for both the ANA and ANP. The ANA medical command developed its first five-year strategic plan. The ANP developed a medical supply requirement list to improve procurement, usage, and demand forecasting. RSM TAAC-Air Surgeon General (SG) advisors have trained 80 AAF medical personnel on three different air frames and 336 ANA medical personnel on the Mi-17 helicopter and/or the C-208 airplane. TAAC-Air advisory efforts are aimed at building AAF medical evacuation capability to have trained medics in aircraft able to render care en route. A similar goal is to have trained medics in ambulances administering life-saving medical care. The ANA medical commander and the ANP SG stress the need for personnel to wear protective equipment and are working to increase the number of personnel trained in combat life-saving skills.

**REMOVING UNEXPLoded ORdnance**

Afghanistan remains one of the countries most contaminated by mines and explosive remnants of war (ERW), even though 80% of known contamination has been cleared since 1989. In January 2015, the Mine Action Coordination Centre of Afghanistan (MACCA) reported that an average of 38 casualties occurred every month, down from a peak of 16 casualties per day in 2001. Unexploded ordnance remains in 1,609 communities, 253 districts, and 33 provinces directly affecting 774,000 people. The country faces the recent challenge of contamination around International Security Assistance Force (ISAF) and North Atlantic Treaty Organisation (NATO) firing ranges and bases. From 2010 to the end of March 2014, MACCA recorded 82 casualties resulting from ERW accidents in or around ISAF/
NATO firing ranges and bases. There were 23 people killed and 59 injured; 83% of casualties were children. Casualties have risen around firing ranges and bases as the withdrawal of international military forces has made those places more accessible.323

Last quarter, SIGAR reported that DOD transferred $901,511 to the Department of State’s Bureau of Political-Military Affairs’ Office of Weapons Removal and Abatement (PM/WRA) to support an international nongovernmental organization’s (NGO) effort to monitor the clearing of ordnance left behind more recently at U.S. firing ranges.324 However, this may be only a small percentage of the funding needed. An April 2014 Washington Post article noted that the U.S. military has reportedly left about 800 square miles of contaminated land that is expected to cost $250 million to clear.325

PM/WRA manages the Conventional Weapons Destruction program in Afghanistan to protect victims of conflict, provide life-saving humanitarian assistance, and enhance the security and safety of the Afghan people. Since FY 2002, the Department of State has provided more than $299.3 million in weapons destruction and humanitarian mine-action assistance to Afghanistan.326 Not all PM/WRA FY 2014 funds have been expended as of this quarter; PM/WRA has two-year funding, and additional 2014 funding will be captured in subsequent SIGAR reports.327

State directly funds five Afghan NGOs, five international NGOs, and one U.S. government contractor. These funds enable the clearance of areas contaminated by ERW and support the removal and destruction of abandoned or otherwise at-risk conventional weapons used by insurgent elements to construct roadside bombs and other improvised explosive devices that target coalition forces, Afghan civilians, and international aid organizations.328 As of December 31, 2014, U.S. Department of State-funded implementing partners have cleared more than 166.5 million square meters of land (nearly 64.3 square miles) and removed or destroyed approximately 7.9 million landmines and other ERW such as unexploded ordnance, abandoned ordnance, stockpiled munitions, and home-made explosives (see Table 3.17 on the following page).329

The total area of contaminated land recorded continues to fluctuate as clearance activities reduce hazardous areas while ongoing surveys identify and add new contaminated land to the Information Management System for Mine Action database. At the beginning of this quarter, there was a total area of 511.6 square kilometers (197.5 square miles) of contaminated minefield and battlefield. During the quarter, 16.8 square kilometers (6.5 square miles) were cleared. However this quarter, ongoing survey identified an additional contaminated area of 29.8 square kilometers (11.5 square miles), bringing the total of known contaminated area to 524.6 square kilometers (202.5 square miles) by the end of the quarter.330 PM/WRA defines a minefield as the area contaminated by land mines, whereas a contaminated area can include both land mines and other ERW.331
As of March 31, 2015, the United States has provided $8.4 billion for counter-narcotics (CN) efforts in Afghanistan since 2002. Congress appropriated most of these funds through the Department of Defense Drug Interdiction and Counter-Drug Activities (DOD CN) Fund ($3.0 billion), the Afghan Security Forces Fund (ASFF) ($1.6 billion), the Economic Support Fund (ESF) ($1.5 billion) to encourage farmers to plant crops other than poppy, and a portion of the State Department’s International Narcotics Control and Law Enforcement (INCLE) account ($2.1 billion).332 USAID’s Alternative Development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production.333 In addition to reconstruction funding, the U.S. Drug Enforcement Administration (DEA) receives funding through direct appropriations to operate in Afghanistan (see Appendix B).

Afghanistan is the global leader in illicit opium cultivation and production.334 The United Nations Office of Drugs and Crime (UNODC) and the U.S. government provide data on opium poppy cultivation in Afghanistan. The two estimates have long varied, such as in 2004, when there was a difference of 80,000 hectares between the U.S. and UNODC surveys.335 Since 2005, the surveys are more congruent thanks to the improved use of high-resolution imagery by UNODC and closer association between the technical experts responsible for the annual estimates in UNODC and the U.S. government. While national opium-cultivation data have become more aligned, discrepancies remain at the provincial level. For 2014, the U.S. government estimates illegal opium cultivation at 211,000 hectares and production of raw opium at 6,300 metric tons (MT); the November 2014

### TABLE 3.17

<table>
<thead>
<tr>
<th>Date Range</th>
<th>AT/AP Destroyed</th>
<th>UXO Destroyed</th>
<th>SAA Destroyed</th>
<th>Fragments Cleared (m²)</th>
<th>Minefields Cleared</th>
<th>Estimated Contaminated Area Remaining (m²)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1–3/31/2013</td>
<td>1,984</td>
<td>100,648</td>
<td>105,553</td>
<td>3,722,289</td>
<td>7,978,836</td>
<td>552,000,000</td>
</tr>
<tr>
<td>4/1–6/30/2013</td>
<td>1,058</td>
<td>18,735</td>
<td>49,465</td>
<td>1,079,807</td>
<td>5,586,198</td>
<td>537,000,000</td>
</tr>
<tr>
<td>7/1–9/30/2013</td>
<td>1,243</td>
<td>21,192</td>
<td>98,306</td>
<td>1,673,926</td>
<td>4,229,143</td>
<td>521,000,000</td>
</tr>
<tr>
<td>10/1–12/31/2013</td>
<td>8,211</td>
<td>2,460</td>
<td>54,240</td>
<td>3,064,570</td>
<td>5,729,023</td>
<td>518,000,000</td>
</tr>
<tr>
<td>1/1–3/31/2014</td>
<td>1,780</td>
<td>254,734</td>
<td>245,380</td>
<td>262,750</td>
<td>5,473,170</td>
<td>638,400,000</td>
</tr>
<tr>
<td>4/1–6/30/2014</td>
<td>1,077</td>
<td>3,264</td>
<td>25,362</td>
<td>3,227,697</td>
<td>5,163,035</td>
<td>519,000,000</td>
</tr>
<tr>
<td>7/1–9/30/2014</td>
<td>1,329</td>
<td>26,873</td>
<td>21,502</td>
<td>2,860,695</td>
<td>5,705,984</td>
<td>511,600,000</td>
</tr>
<tr>
<td>10/1–12/31/2014</td>
<td>465</td>
<td>20,274</td>
<td>58,369</td>
<td>538,499</td>
<td>1,604,410</td>
<td>524,600,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>17,147</td>
<td>448,180</td>
<td>658,177</td>
<td>16,430,233</td>
<td>41,469,799</td>
<td>524,600,000</td>
</tr>
</tbody>
</table>

Note: AT/AP = anti-tank/anti-personnel ordnance. UXO = unexploded ordnance. SAA = small arms ammunition. Fragments are reported because their clearance requires the same care as for other objects until their nature is determined. There are about 4,047 square meters (m²) to an acre. *Total area of contaminated land fluctuates as clearance activities reduce hazardous areas while ongoing survey identifies and adds new contaminated land in the Information Management System for Mine Action (IMSMA) database.

Source: PM/WRA, response to SIGAR data call, 4/1/2015, 12/30/2014, and 10/7/2014.

### COUNTERNARCOTICS

As of March 31, 2015, the United States has provided $8.4 billion for counter-narcotics (CN) efforts in Afghanistan since 2002. Congress appropriated most of these funds through the Department of Defense Drug Interdiction and Counter-Drug Activities (DOD CN) Fund ($3.0 billion), the Afghan Security Forces Fund (ASFF) ($1.6 billion), the Economic Support Fund (ESF) ($1.5 billion) to encourage farmers to plant crops other than poppy, and a portion of the State Department’s International Narcotics Control and Law Enforcement (INCLE) account ($2.1 billion).332 USAID’s Alternative Development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production.333 In addition to reconstruction funding, the U.S. Drug Enforcement Administration (DEA) receives funding through direct appropriations to operate in Afghanistan (see Appendix B).

Afghanistan is the global leader in illicit opium cultivation and production.334 The United Nations Office of Drugs and Crime (UNODC) and the U.S. government provide data on opium poppy cultivation in Afghanistan. The two estimates have long varied, such as in 2004, when there was a difference of 80,000 hectares between the U.S. and UNODC surveys.335 Since 2005, the surveys are more congruent thanks to the improved use of high-resolution imagery by UNODC and closer association between the technical experts responsible for the annual estimates in UNODC and the U.S. government. While national opium-cultivation data have become more aligned, discrepancies remain at the provincial level. For 2014, the U.S. government estimates illegal opium cultivation at 211,000 hectares and production of raw opium at 6,300 metric tons (MT); the November 2014
Afghanistan Opium Survey by UNODC estimates opium cultivation at 224,000 hectares. One hectare is roughly 2.5 acres of land; one metric ton is about 2,200 pounds.

The 2014 U.S. government figures represent a 6.6% increase in poppy cultivation from the 2013 U.S. estimate of 198,000 hectares, and a 14.5% increase in opium production from the 2013 estimate of 5,500 MT of raw opium.

The Department of State’s Bureau of International Narcotics and Law Enforcement Affairs (INL) performs counternarcotics activities, such as disrupting overseas production and trafficking of illegal drugs, and developing police and a robust criminal justice system. INL advises the U.S. president and U.S. departments and agencies on developing policies and programs to combat international narcotics and crime. INL programs in Afghanistan support two of State’s strategic goals:

- reduce the entry of illegal drugs into the United States
- minimize the impact of international crime on the United States and its citizens

INL supports the U.S. counternarcotics strategy for Afghanistan, approved in December 2012, and the key priorities of Afghanistan’s National Drug Control Strategy, approved in October 2013. The Department of State is preparing a new counternarcotics strategy that will be finalized later this year.

Through its CN fund, DOD has funded capacity building in the Counternarcotics Police of Afghanistan (CNPA), improvements to border security, information sharing, and regional and international cooperation to reduce the national-security impacts of the illicit narcotics trade and networks. DOD’s Post-2014 CN Strategy for Afghanistan and the Region, released in October 2013, lays out DOD’s goals to continue supporting Afghan counternarcotics (CN) efforts, transition CN program responsibilities to Afghans, and build regional cooperation to combat the Afghan drug flow.

Domestic Drug Use: A Looming Health Crisis

Drug abuse is spreading in Afghanistan, with long-term social, political and economic ramifications. The 2012 National Drug Use Survey sponsored by INL estimated the number of Afghan drug users at 1.3–1.6 million in a population of nearly 31 million, one of the highest per capita rates in the world. The Government of Afghanistan’s National Development Strategy states: “The number of domestic drug users in Afghanistan has also increased significantly and illicit drugs and the corruption surrounding it is threatening to destroy the next generation of Afghan youth.” In its latest International Narcotics Control Strategy Report, INL notes that more recent drug studies underscore the pervasiveness of drug use, including among Afghan children. INL also conducted a rural survey in 2014; its
preliminary findings suggest that drug use may exceed 10% of the population, or more than twice the global rate reported by UNODC.347

Afghanistan has 113 U.S.-funded treatment centers with a current annual capacity for treating about 30,000 individuals.348 Clearly, the demand for treatment services exceeds the capacity of the national government. INL told SIGAR it supports 97 treatment programs through the Colombo Plan. INL’s goal is to train 75% of the more than 500 treatment workers in the country between 2015 and 2016, with at least 50% of the trainees passing the initial credentialing exam for International Certified Addiction Professional-Level I.349 In October 2014, INL contributed $7,600,541 to the Colombo Plan for the FY 2013 drug-demand reduction program. INL has yet to contribute or commit FY 2014 and FY 2015 funds to the Colombo Plan.350

Training was scarce prior to 2008, when INL established its first treatment center. Between 2008 and 2015, INL expanded its support to 97 programs. In the past two years, INL intensified training when it translated and modified its Universal Treatment Curriculum and emphasized training as part of its drug-demand reduction transition strategy.351 Between 2003 and 2012, 506 individuals were trained in drug treatment; another 580 individuals were trained in 2013–2014 alone.352 However, the recent influx of trained addiction professionals probably is not sufficient to address the growing addiction problem, particularly given the current capacity of treating only 30,000 persons every year. Though the United States funds outpatient treatment centers nationwide, most have waiting lists for new patients.353

January 2015 marked the official start of the transition of the first group of 13 treatment programs supported by INL to the Ministry of Public Health (MOPH) control, as well as transfer of the clinical staff onto the Afghan government staff list (tashkil).354 INL worked closely with the MOPH to ensure the full transition of the clinical staff to the Afghan government tashkil. According to INL, all the necessary steps were completed for the January 2015 transition start date, but the Afghan government faced some payment delays for the new employees. INL closely monitored the situation and informed SIGAR that the government has resolved the internal issues and employees are receiving pay, including any delayed paychecks.355 Throughout the quarter, INL continued to support clinical-staff training, treatment services, and outpatient and village-based demand reduction.356

INL’s Drug Demand Reduction Program provides treatment directly to men, women, and children to overcome addiction. The Preventative Drug Education program provides antidrug education to youth in schools, targeting the next generation and aiming to prevent drug use.357

The negative economic impact of so many opiate users will be felt increasingly as the Afghan economy develops; the burden of providing shelter and treatment to the large population with substance-use disorders is already falling heavily on provincial governments.358

Counter Narcotics Community Engagement (CNCE)

INL also funds the nationwide CNCE program, which focuses on discouraging poppy cultivation, preventing drug use by raising public awareness, and encouraging licit crop production. Since 2013, INL has obligated $8.2 million and expended $6.6 million to date. As a part of the program, Sayara Media Communications monitors the effectiveness of media campaigns by analyzing audience reports, including a baseline report to identify provincial drivers of drug trafficking and cultivation, and public sentiment. Sayara additionally has 42 reporters placed in most categories of tiered provinces. Provinces are ranked from tier 1 to tier 4 based on cultivation levels, with category one as the highest. The reporters gather information and gauge perceptions on the state of counternarcotics policies and messaging.

Sayara also conducts media monitoring, with a baseline assessment of how CN media products fit into the current Afghan media landscape, with monthly monitoring and evaluation of the amount and type of CN-related items in the media and any changes (positive or negative) to the initial baseline assessment. Addressing the effectiveness of the media campaign, INL told SIGAR that some areas exposed to CN media experienced a decrease in opium cultivation, while cultivation numbers have increased or remained the same in other areas where security and governance remain a broader challenge. However, one should not conclude that opium cultivation levels are directly linked to the presence or absence of CN messaging. Rising cultivation levels of the past few years attest to the inability of media campaigns to discourage opium poppy planting.

According to UNODC, reductions in cultivation occurred between 2013 and 2014 in the central, eastern, western, and southwestern regions in provinces as diverse as Nimroz, Herat, Daykundi, Kabul, Laghman, Kapisa, and Kunar. INL told SIGAR that this past quarter, in the high poppy-cultivating provinces, the program found a statistically significant increase in the percentage of respondents who think poppy can lead to addiction of a farmer and/or his family, a key message of INL’s outreach.

During the same time period, radio and television counternarcotics messages increased to a monthly average of 15.4 aired pieces from 5.4 last quarter and to 147.7 from 5.8 last quarter on television across provinces. The Afghan Premier Soccer League, which carries a U.S. government-sponsored antidrug message, is now the most-watched program on Afghan television. According to INL, public-opinion polling shows that the majority of Afghan people polled have heard antipoppy and anticultivation messages. The CNCE program will conclude April 2015, with a possible extension to continue remaining civil society subgrants, and to support INLs most significant antipoppy campaign of the year, the preplanting campaign. An independent evaluation of the INL-funded messaging has not yet taken place, but a 2008 evaluation of a similar campaign concluded that “public CN awareness campaigns cannot be effective in isolation and, to
increase the chances of success, need to be (i) coordinated with the development of the licit rural economy to provide alternatives to opium poppy cultivation, and (ii) accompanied by credible threats of punishment (including eradication).368

Ministry of Counter Narcotics Capacity Building

The Ministry of Counter Narcotics (MCN) coordinates the actions of other ministries and takes the lead in developing counternarcotics policy.369 The MCN signed an MOU with INL in February 2014 renewing its capacity-building program for 18 months and providing funding for 24 local national advisors to help build capacity at the MCN.370 INL completed the performance-measurement plan designed to assess MCN capacity building progress, in February 2015.371 The plan will evaluate MCN’s capacity development by measuring program self-management, the effectiveness of U.S. and local national advisors, and process efficiency. Some of the indicators, to be collected quarterly, are the number of independently led MCN projects; the number of MCN staff capable of planning workshops, training, and other events without assistance; and the number of MCN staff capable of drafting government documents and donor funding proposals.372 During the reporting period, the MCN completed and submitted their proposal for a series of short- and long-term courses that will be taught by Dunya University in order to increase work-related skills and overall capacity of MCN staff.373

Governor Led Eradication Program (GLE)

INL funds the GLE program, which operates at different times of the year depending on provinces’ crop season. MCN tracks cumulative results, which are subsequently verified by UNODC.374 Verified eradication results
decreased in 2014 for a third consecutive year to 2,692 hectares, 63% less than the 7,348 hectares eradicated in 2013. According to INL, Afghan government officials ascribe the latest decrease to the reallocation of security forces from eradication efforts to election security.

In late January 2015, INL cosponsored a two-day conference with the British High Commission, attended by the MCN, MOI, National Directorate of Security, Ministry of Defense, provincial governors, and international organizations. The conference developed national, provincial, and district plans for the 2015 eradication program scheduled for February 27 to July 31, 2015. According to INL, early indications are that 2015 eradication efforts will achieve more than in 2014. As of March 2015, 1,753 hectares have been destroyed compared to 793 hectares by the same time last year; 2,721 hectares in 2013 and 2,637 hectares in 2012. Eradication efforts under this year’s plan are designed to disrupt the drug trade by placing a greater focus on conducting eradication efforts in the highest-cultivating districts. According to INL, this approach should lead to higher eradication levels and inject greater risk into farmers’ planting decisions for 2016.

Last quarter, INL informed SIGAR it had donated 47 new tractors to the MCN for provincial poppy eradication. Based on information INL provided this quarter, the total cost for these tractors exceeds $600,000. In 2013, the MCN received 55 new tractors, yet eradication results decreased 24% from the 2012 level of 9,672 hectares to 7,348 hectares in 2013. According to INL, the new tractors augment the existing fleet of 210 tractors, purchased from various sources. The MCN and INL’s Kabul office coordinated the placement of the new tractors based on a review of cultivation levels, terrain, and previous equipment stock. However, several provinces are slated to receive new tractors though their cultivation results were nominal, while certain provinces with higher cultivation results were omitted. For example, as shown in Table 3.18 on the following page, Kunar and Sar-e Pul will receive two tractors when their respective cultivation results for 2014 were 754 hectares and 195 hectares. Sar-e Pul had even been declared poppy-free in 2013. On the other hand, Badghis, Uruzgan, and Laghman received no tractors even though the provinces cultivated thousands of hectares.

Eradication is under way in certain provinces. Eradication campaigns, as illustrated in Figure 3.26 on page 117, have remained ineffective in reducing overall opium cultivation, which has been expanding in recent years. Eradication or its threat has proven effective on a localized basis but only where the right conditions are in place.

According to INL, early results indicate better cooperation between the MCN, the MOI, and provincial government offices. If provincial governors similarly strengthen their leadership, then Afghanistan will certainly increase eradication over last year's results with large increases possible in several provinces. However, the eradication season in the south and east,
### TABLE 3.18

<table>
<thead>
<tr>
<th>Province</th>
<th>2014 Tractor Donation</th>
<th>2015 Tractor Donation (February)</th>
<th>Functioning Tractors per 2015 MCN Eradication Plan</th>
<th>2013 Opium Cultivation (hectares)</th>
<th>2014 Opium Cultivation (hectares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Badakhshan</td>
<td>2</td>
<td>9</td>
<td>2,374</td>
<td>4,204</td>
<td></td>
</tr>
<tr>
<td>Badghis</td>
<td>-</td>
<td>0</td>
<td>3,596</td>
<td>5,721</td>
<td></td>
</tr>
<tr>
<td>Baghlan</td>
<td>-</td>
<td>0</td>
<td>141</td>
<td>410</td>
<td></td>
</tr>
<tr>
<td>Balkh</td>
<td>-</td>
<td>4</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Bamyan</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Daykundi</td>
<td>-</td>
<td>0</td>
<td>1,536</td>
<td>587</td>
<td></td>
</tr>
<tr>
<td>Farah</td>
<td>5</td>
<td>19</td>
<td>24,492</td>
<td>27,513</td>
<td></td>
</tr>
<tr>
<td>Faryab</td>
<td>1</td>
<td>3</td>
<td>158</td>
<td>211</td>
<td></td>
</tr>
<tr>
<td>Ghazni</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Ghor</td>
<td>3</td>
<td>3</td>
<td>264</td>
<td>493</td>
<td></td>
</tr>
<tr>
<td>Helmand</td>
<td>-</td>
<td>14</td>
<td>100,693</td>
<td>103,240</td>
<td></td>
</tr>
<tr>
<td>Herat</td>
<td>6</td>
<td>6</td>
<td>952</td>
<td>738</td>
<td></td>
</tr>
<tr>
<td>Jowzjan</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Kabul</td>
<td>-</td>
<td>0</td>
<td>298</td>
<td>233</td>
<td></td>
</tr>
<tr>
<td>Kandahar</td>
<td>-</td>
<td>20</td>
<td>28,335</td>
<td>33,713</td>
<td></td>
</tr>
<tr>
<td>Kapisa</td>
<td>-</td>
<td>0</td>
<td>583</td>
<td>472</td>
<td></td>
</tr>
<tr>
<td>Khowst</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Kunar</td>
<td>-</td>
<td>2</td>
<td>1,127</td>
<td>754</td>
<td></td>
</tr>
<tr>
<td>Kunduz</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Laghman</td>
<td>-</td>
<td>0</td>
<td>1,236</td>
<td>901</td>
<td></td>
</tr>
<tr>
<td>Loghar</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Nangarhar</td>
<td>3</td>
<td>5</td>
<td>15,719</td>
<td>18,227</td>
<td></td>
</tr>
<tr>
<td>Nimroz</td>
<td>7</td>
<td>7</td>
<td>16,252</td>
<td>14,584</td>
<td></td>
</tr>
<tr>
<td>Nuristan</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Paktika</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Paktya</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Panjshir</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Parwan</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Samangian</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Sar-e Pul</td>
<td>2</td>
<td>2</td>
<td>poppy free</td>
<td>195</td>
<td></td>
</tr>
<tr>
<td>Takhar</td>
<td>-</td>
<td>1</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Urugan</td>
<td>-</td>
<td>5</td>
<td>9,880</td>
<td>9,277</td>
<td></td>
</tr>
<tr>
<td>Wardak</td>
<td>-</td>
<td>0</td>
<td>poppy free</td>
<td>poppy free</td>
<td></td>
</tr>
<tr>
<td>Zabul</td>
<td>2</td>
<td>5</td>
<td>1,335</td>
<td>2,894</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31</td>
<td>16</td>
<td>130</td>
<td>209,381</td>
<td>224,125</td>
</tr>
</tbody>
</table>

Note: A "-" indicates data not provided. Opium cultivation totals differ slightly from UNODC published numbers which have been rounded.

where the majority of cultivation occurs, is almost at an end with the harvest beginning in Helmand on April 7, 2015.391

**Good Performer’s Initiative (GPI)**

INL supports the MCN’s efforts to achieve and sustain poppy-free provinces through the GPI. Under the terms of the GPI program, a province is eligible for financial support of GPI development projects for each year that it achieves poppy-free status, as verified by UNODC. In August 2014, INL and MCN announced GPI II, which expands the award categories for “good performers” to include public outreach and law enforcement, beginning in the 2014–2015 poppy cultivation season, and reduces the amount a province may receive for being poppy-free to $500,000. (Previous award amounts were $1 million.)392

Following concerns that the initial program was inappropriately targeted, development assistance under GPI II will be tailored to better meet the needs of rural communities by prioritizing alternative-livelihoods projects that support farmers as they transition from poppy cultivation to licit crops.393 The GPI II MOU is currently under negotiation and feasibility studies will be conducted under GPI II on a project-level basis. The program will be implemented nationwide once the new implementing documents have been finalized.394
The GPI program has experienced problems and challenges, according to the MCN’s own assessment. In 2014, the GPI procurement process was suspended for several months, partly as a result of the program’s redesign. Some GPI projects implemented in 2014 had already completed the requisite procurement stages in 2013, yet were not awarded until 2014. GPI projects were delayed by a slow procurement process, mainly due to the “unprofessional” work of MCN staff in procurement and evaluation committees. As a result, MCN readvertised all GPI projects in the procurement pipeline during 2014. Other challenges such as delayed payments and insecure environments impeded project implementation.

As of February 28, 2015, a total of 222 GPI projects with a value of $108.6 million were approved with over $80.5 million in expenditures: 166 projects were completed, 55 are ongoing, and one is nearing completion. INL deconflicts projects proposed under the GPI program with other U.S. government work through an interagency consultation drawing on mission experience in each province. INL and its implementing partners consult with USAID to avoid pitfalls such as working with the same beneficiaries or offering competing activities, and to develop complementary activities wherever possible. State’s Special Representative for Afghanistan and Pakistan hosts regular counternarcotics working groups to bring together interagency personnel from State, DOD, DEA, USAID, and other relevant agencies to maintain coordination on multiple programs.

**ALTERNATIVE DEVELOPMENT/ALTERNATIVE LIVELIHOOD**

USAID’s alternative-development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production. INL funding supports programs in several areas including supply reduction and alternative development. INL told SIGAR it coordinates regularly with USAID to ensure that INL-supported alternative-development efforts complement past and ongoing investments by USAID in licit livelihoods and rural development in Afghanistan.

**Strengthening Afghan Governance and Alternative Livelihoods (SAGAL)**

INL provides support to alternative-livelihood programs as part of its efforts to combat drug trafficking. In Afghanistan, the nongovernmental Aga Khan Foundation and its partners implement activities under the $12 million SAGAL grant from INL. The implementers favor activities, rather than stand-alone projects, with the following five objectives:

- improve agricultural yields of high-potential licit crop systems
- increase economic return for licit crop systems
- improve farmers’ access to financing
- reduce vulnerability of at-risk populations to engage in the illicit economy
- improve subnational governance systems
SAGAL activities are implemented in 16 provinces across Afghanistan: Badakhshan, Baghlan, Takhar, Bamiyan, Kunduz, Parwan, Faryab, Kabul, Balkh, Jowzjan, Kandahar, Nangarhar, Helmand, Laghman, Uruzgan, and Kunar.\textsuperscript{403} INL informed SIGAR that $3.9 million has been expended to date.\textsuperscript{404}

According to INL, SAGAL activities will complement past and ongoing investments in licit livelihoods and rural development by the U.S. government. In particular, SAGAL will provide a system of support for GPI II. Where district development planning structures exist, SAGAL will support a more decentralized GPI II project-selection process, improving the recognition of rural community needs in the provincial GPI II project-nomination process.\textsuperscript{405}

Table 3.19 provides summary financial information on SAGAL and other alternative livelihood programs.

### Kandahar Food Zone (KFZ)

The KFZ is a two-year, $18.7 million project implemented by USAID under a joint strategy and in close coordination with INL. KFZ is designed to identify and address the drivers of poppy cultivation in targeted districts of Kandahar province.\textsuperscript{406}

Early in the quarter, USAID suspended KFZ’s implementer, International Relief and Development Inc. (IRD), for serious misconduct.\textsuperscript{407} The USAID Office of Inspector General is currently investigating IRD for allegedly improperly charging certain overhead costs to the U.S. government.\textsuperscript{408} As a result, IRD’s contracts will not be extended beyond current project end dates, nor will new ones be awarded. USAID is currently exploring
a one-year extension of the KFZ program that would be implemented by a public international organization (PIO), rather than IRD. This one-year extension would serve as a bridge while USAID designs and completes the procurement for a follow-on alternative development activity in the province. The proposed PIO agreement would have to be in place prior to July 31, 2015, to allow for a smooth transition from the existing KFZ program to the one-year extension and mitigate the disruption caused by the IRD suspension.409

USAID recognizes that its suspension of IRD could potentially disrupt activities and slowdown the momentum of KFZ’s efforts. Retaining personnel will become a challenge in view of the looming personnel contract terminations in July 2015.410 There are over 100 individuals (expatriates and local staff) employed full-time on KFZ activities.411 To mitigate these problems, USAID recognizes the need to get the new contract implementation arrangements in place quickly.412

From February 25 to March 1, 2015, all canal construction and rehabilitation activities were suspended in Zharai District as a precautionary measure in response to the start of Afghan security forces’ poppy-eradication activities in the district.413 Eradication efforts occasionally meet with armed resistance in insecure areas.414 Since that time, canal construction and rehabilitation activities in Zharai District have recommenced. As of April 9, four out of five projects in the district were complete, while the remaining one is 81% complete.415 Other alternative-development activities, such as pre- and post-harvest marketing trainings, solar drying mechanisms for fruits and vegetables projects, vocational training, greenhouses or women’s vegetable production and processing projects, continued unabated throughout various districts.416

As of March 31, 2015, USAID has cumulatively disbursed $12.5 million on KFZ.417

Regional Agricultural Development Program (RADP)
The RADP is intended to help Afghan farmers achieve more inclusive and sustainable economic growth. Three RADP projects are under way in the southern, western, and northern regions of Afghanistan. These projects share objectives focused on strengthening the capacity of farmers in improving the productivity of wheat, high-value crops (i.e., perennial and annual horticultural crops) and livestock.418 Using a value-chain approach, these projects work with farmers and agribusinesses to overcome obstacles hindering production, processing, sales of commodities, and overall development of agricultural value chains.419

RADP-South, a five-year, $125 million effort, operates in Helmand, Kandahar, Zabul, and Uruzgan Provinces. It began in October 2013 and is scheduled to end in October 2019.420

RADP-South’s focus is on strengthening the capacity of producers, associations, traders and businesses to respond to market demands and

---

**Value chain:** the range of goods and services necessary for an agricultural product to move from the farm to the final customer or consumer. It encompasses the provision of inputs, actual on-farm production, post-harvest storage and processing, marketing and transportation, wholesale and retail sales.

Source: USAID, response to SIGAR vetting, 4/12/2015.
facilitate market linkages between value chain actors such as retailers, input suppliers, mills and agricultural depots. During the quarter, RADP-South conducted training-of-trainers courses for master trainers to transfer their knowledge to lead farmers and other beneficiary farmers. The program also worked with a local company, Kandahar Fresh Fruit Association, to build its capacity in post-harvest and cold-storage techniques. As a result, the company successfully shipped pomegranates to Western Europe for the first time. RADP-South also provided training for paraveterinarians to deliver animal health care services. The decline of the security situation during the quarter may hamper program activities.

The $78 million RADP-North project began in May 2014. It operates in Balkh, Jowzjan, Samangan, Baghlan, Kunduz, and Badakhshan Provinces. RADP-North activities centered on program startup for several months in 2014. Additionally, analysis and implementing activities began on wheat, high-value crop (melon, dried fruit, nut, and grape/raisin) value chains in Jowzjan, Samangan, and Baghlan. RADP-North sponsored several businesses to take part in the Ministry of Agriculture, Irrigation and Livestock’s September 2014 Agricultural Fair resulting in economic success: the agribusinesses represented sold over 80% of their goods and began negotiations for future lucrative contracts thanks to contacts made at the fair.

RADP-West, which operates in Herat, Farah, and Badghis Provinces with a $70 million cost estimate, began operations in August 2014, finalizing its chain analysis in order to identify constraints and potential areas for RADP-West intervention.

USAID informed SIGAR it is planning RADP-East which will encompass Nangarhar and several other provinces, after IDEA-NEW comes to a close later this year. It will focus on strengthening value chains (working with input suppliers, market intermediaries and other agribusinesses, particularly in the Jalalabad area) and less on working directly with farmers.

As of March 31, 2015, USAID has made cumulative disbursements of $4.2 million on RADP-North, $22.3 million on RADP-South and $3.5 million on RADP-West. For summary information on this alternative livelihood program, see Table 3.19 on page 119 of this report.

Commercial Horticulture and Agricultural Marketing Program (CHAMP)

CHAMP is a $45 million USAID program designed to boost agricultural productivity and food security, provide market opportunities, and decrease the country’s poppy production. CHAMP works to reduce poverty among rural Afghan farmers by assisting them to shift from relatively low-value subsistence crops, such as wheat and corn, to high-value crops such as fruits and vegetables.
CHAMP provides training in agricultural best practices, builds storage facilities such as cool rooms and raisin-drying facilities, and helps grape farmers convert from traditional ground-based vineyards to higher-output trellis systems. CHAMP also helps stimulate farm exports by linking farmers to traders and traders to high-paying markets. CHAMP includes women in many of its activities in an effort to integrate them into the mainstream agricultural sector. The program has been extended an additional two years until December 2016 to focus resources and activities on a value chain approach that emphasizes post-harvest handling and marketing activities.

Under the new approach, CHAMP is carrying out activities throughout six main value chains (grapes, almonds, pomegranates, apricots, apples, and melons). The program focuses on improving horticultural and marketing practices to produce high-quality fruit for high-value markets such as the United Arab Emirates, Saudi Arabia, Australia, Russia, and Canada. Initially, Afghan traders were supplying their products to wholesale markets that involved the commission of agents to sell their products in their respective countries. CHAMP now enables Afghan traders to bypass commission agents by linking them directly to supermarket retailers in those countries.

During the years 2010 to 2014, CHAMP’s various achievements include training 105,000 farmers, including 2,700 women, to improve agricultural techniques; planting nearly three million saplings and root cuttings benefitting 19,500 farmers; and exporting 29,500 tons of produce valued at $33 million to international markets. CHAMP enabled the construction of over 230 storage facilities (cool rooms and raisin-drying facilities) and created over 7,500 full-time jobs in agribusiness. During the quarter, CHAMP provided training to 264 farmers, including 32 women, at established farmer field schools in Kandahar, Kapisa, Parwan, Logar, and Wardak Provinces. At CHAMP farmer field schools, participants learn new agricultural practices such as orchard or trellis management and receive modern agricultural tools. In January 2015, CHAMP also made preparations for the February Gulfood Exhibition in Dubai, where Afghan products were displayed to buyers around the world. During the February 8–12 exhibition, CHAMP, along with another USAID program, facilitated the participation of seven Afghan traders.

According to USAID, planting orchards and upgrading vineyards have resulted in nearly doubling the income of beneficiary farmers. Thus, the CHAMP project has provided tangible alternatives to poppy cultivation, and played a vital role in reducing poppy cultivation. Additionally, USAID said converting the land to orchards/vineyards (once they are mature and assuming appropriate crop management), will prevent beneficiary farmers from returning to poppy cultivation, although an evaluation of IDEA-NEW in Nangarhar suggest that this is not always the case and in some areas, orchards may in fact be removed and poppy replanted. Nevertheless,
USAID concluded that the risk is negligible that CHAMP’s activities will backfire and increase poppy cultivation. As of March 31, 2015, USAID has disbursed $42.4 million. For summary financial information on this program, see Table 3.19 on page 119 of this report.

Incentives Driving Economic Alternatives for the North, East, and West (IDEA-NEW)
Launched in March 2009, the mission of USAID’s $160 million IDEA-NEW program is to expand the licit agricultural economy in the northern, eastern, and western regions of the country. During the quarter, project activities included accounting and marketing on-the-job coaching sessions for input suppliers and food processors in central and eastern provinces. Workshops were held in Kabul and Jalalabad with representatives from food processing companies and government representatives. IDEA-NEW hosts monthly coordination meetings with SAGAL and other USAID development projects to enhance coordination and avoid duplication of activities. As of March 31, 2015, USAID has disbursed $150.7 million. For financial information on IDEA-NEW and other alternative livelihood programs, see Table 3.19 on page 119 of this report.

Interdiction Operations and Results
DOD reported that from January 1, 2015, to March 17, 2015, Afghan security and law-enforcement forces conducted 89 drug-interdiction operations resulting in 126 individual detentions. These operations included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations. The U.S. military ended general logistics...
and intelligence support, while DEA continued providing mentorship and support to specialized Afghan investigative units. The U.S. intelligence community provided supplemental targeting and analytical support to Coalition mentors.450

Most interdiction activities occurred in the east and capital regional commands. Previously, interdictions were concentrated in southern regional commands, where the majority of opiates are grown, processed, and smuggled out of Afghanistan. DOD said the continued reduction is likely a result of the Coalition drawdown, which has left Afghan security forces with less freedom of movement in southern and southwest Afghanistan.451 Under the Resolute Support Mission, Coalition military forces no longer conduct operations, except for counterterrorism.452 Interagency elements, including the Interagency Operations Coordination Center (IOCC), continued to support combined Afghan and Coalition interdiction efforts. The IOCC provided data from military and law enforcement sources to enable operations against narco-insurgent elements.453

INL provides operations-and-maintenance support to the Counternarcotics Police of Afghanistan (CNPA) Headquarters and the specially vetted units, such as the National Interdiction Unit (NIU) and Technical Investigations Unit (TIU) in Kabul, but not to the provincial CNPA.454 DOD has provided training, equipment, and infrastructure to the vetted units within the CNPA.455 Specially trained Afghan CNPA continued to operate in Kandahar with an NIU platoon based out of the Kandahar Regional Law Enforcement Center. The NIU unilaterally conducted at least two cases involving the arrest of three traffickers and the seizure of small amounts of narcotics. One of the cases involved the arrest of a trafficker who was related to a government official. This generated political sensitivities, which were handled by NIU officers on the scene without any U.S. assistance. In Helmand, MOI police elements conducted eradication operations concurrently with MOD military operations elsewhere in the province.456

Afghan operations during this period also resulted in the reported seizures of the following narcotics contraband:

- 8,077 kg of opium
- 415 kg of heroin
- 961 kg of hashish/marijuana
- 1,027 kg of precursor chemicals457

Other seizures took place but were not vetted during the reporting period.458

Since 2014, the Afghan government has taken measures to block all imports of acetic anhydride, the main precursor chemical used to manufacture heroin. The United States and regional and other international partners are also seeking to limit Afghanistan’s imports of the substance.459

As shown in Table 3.20, interdiction results have been declining since 2012.

Precursor chemical: substance that may be used in the production, manufacture and/or preparation of narcotic drugs and psychotropic substances.

According to DOD, vetted Afghan units have successfully conducted complex counterdrug investigations and operations without Coalition assistance. However, the drawdown of Coalition forces has had an impact on Afghanistan’s ability to conduct CN interdiction operations, particularly in Kandahar and Helmand. Overall, counterdrug operations decreased 46.6%, from 624 in FY 2011 at the height of the ISAF surge to 333 in FY 2014, while actual heroin seizures have decreased 72%, from 10,982 kg in FY 2011 to 3,052 kg in FY 2014, and opium seizures have decreased 61% from 98,327 kg in FY 2011 to 38,307 kg in FY 2014, according to the Consolidated Counterdrug Database. In FY 2011, 75% of all CN operations occurred in Helmand and Kandahar provinces with a decrease to 32% of all CN operations occurring in those same provinces in FY 2014.

The Bilateral Security Agreement has not altered the Coalition forces’ train, advise and support mission for counternarcotics. The CNPA continue to conduct operations across Afghanistan with mentoring and support from Coalition members.

**Aviation Support**

According to INL, State counternarcotics support to the DEA consisted of 116.6 flight hours with 60.4 flight hours supporting interdiction efforts, 37.3 flight hours supporting Afghan NIU and DEA passenger movements and 18.9 flight hours of mission training.
GOVERNANCE CONTENTS

Key Events 127
New Afghan Government 128
U.S. Assistance to the Afghan Government Budget 131
National Governance 137
Subnational Governance 141
Reconciliation and Reintegration 146
Rule of Law and Anticorruption 147
Human Rights 155
As of March 31, 2015, the United States had provided nearly $31.9 billion to support governance and economic development in Afghanistan. More than $18.6 billion of this support was appropriated for the Economic Support Fund (ESF) administered by the United States Agency for International Development (USAID). Another $4.7 billion was appropriated for the International Narcotics Control and Law Enforcement (INCLE) account administered by the State Department’s Bureau of International Narcotics and Law Enforcement Affairs (INL). Together the ESF and INCLE account for nearly 73.2% of the funding provided to support governance and economic development in Afghanistan. See Appendix B for Afghanistan relief and reconstruction appropriations by fiscal year (FY).

KEY EVENTS
From March 22 to 25, 2015, President Ashraf Ghani and Chief Executive Officer Abdullah Abdullah visited Washington, DC, for a series of high-level meetings and speeches. According to Special Representative for Afghanistan and Pakistan (SRAP) Daniel Feldman, the visit focused on “the need to change the narrative of the U.S.-Afghanistan bilateral relationship.” The visit resulted in several financial commitments by the United States to support Afghan governance, including:

SIGAR staff and Special IG Sopko meet with President Ashraf Ghani at the presidential palace in February. (GIROA photo)

Special IG Sopko and SIGAR staff meet with CEO Abdullah Abdullah and his staff in Kabul in April. (GIROA photo)
• An $800 million, five-year “New Development Partnership” incentive-based program to support Ghani’s reform agenda. This new USAID-administered initiative will utilize already budgeted or requested funding and be delivered through the World Bank’s Afghanistan Reconstruction Trust Fund (ARTF). According to a senior U.S. official, a difference in this program is that the incentive milestones “are not going to be short-term, check the box, do this thing, make this reform” approaches of past incentive-based programs, but will focus on “substantial reforms or development outcomes.”

• Funding of $30 million in support of electoral reforms and operations to be implemented by United Nations Development Programme’s (UNDP) Enhancing Legal and Electoral Capacity for Tomorrow-Phase II (UNDP/ELECT II) program; and

• Up to $10 million to the UNDP’s Support to Afghanistan Peace and Reintegration Programme (APRP) to support the efforts of the Afghan High Peace Council (HPC).

While Ghani and Abdullah’s trip was widely regarded as a success, the national-unity government still lacked a full cabinet at the end of the quarter. Nor did the government succeed in initiating peace talks with the Taliban by the end of the quarter. In early April, an Afghan news agency reported Abdullah saying “I am not at all satisfied with government’s performance. It has been negligent.”

In March, a young woman named Farkhunda was beaten to death and burnt by a mob in Kabul following accusations that she had burnt a Koran. The killing prompted large protests in Kabul. According to an Afghan government fact-finding report, the accusations against the 27-year-old Farkhunda were false. Although police tried to intervene at the beginning of the incident, they stood by as the mob became more violent. The Afghan Attorney General’s Office (AGO) announced that 49 people, 20 of them police, were being held in connection to Farkhundra’s death.

Provincial council members protested throughout the quarter following the January 28 decision by the lower house of parliament to remove the power of provincial councils to oversee the performance of provincial Afghan government departments. At least 22 provincial councils closed their offices in protest. The protests ended after a decree from Ghani reinstated the authority of the provincial councils.

**NEW AFGHAN GOVERNMENT**

**Initial Appointments**

Despite a campaign promise to form his government within 45 days of the inauguration in September and a promise at the December 4 London
Conference to have a cabinet in place within a month, \(^474\) Ghani failed to announce nominations for key government positions until January 12, more than three months after the new government’s inauguration. \(^475\)

On January 28, the **Wolesi Jirga**, or lower house of parliament, confirmed nine out of 19 cabinet nominees with several candidates dropped due to allegations of dual citizenship, criminal prosecution, and incomplete educational documents. \(^476\)

On April 1, second vice president Mohammad Sarwar Danesh introduced the remaining cabinet nominees to parliament, with the notable exception of nominees for minister of defense and attorney general. \(^477\) On April 8, General Mohammad Afzal Ludin, a former communist-era commander nominated by Ghani for Minister of Defense on April 6, withdrew his nomination after expressing concern for causing unspecified “division among my people.” On April 18, the lower house of parliament approved all 16 cabinet nominees that were introduced on April 1. Several key positions—including minister of defense, chief justice of the supreme court, attorney general, and the head of the Afghan central bank—remained vacant; however, on April 20 the lower house’s second deputy speaker announced that he had met with both leaders of the unity government and that nominees would be announced soon. \(^478\)

**Electoral Reform Challenges**

As reported last quarter, the 2014 elections highlighted the continuing need for electoral reforms. \(^479\) The September 2014 agreement that led to formation of the national-unity government included several items related to election reform, including: (1) immediate establishment of a special commission for election reform with the aim of implementing reform before the 2015 parliamentary elections and (2) distribution of electronic identity cards to all Afghan citizens as quickly as possible. \(^480\) According to State, the Afghan government has made no significant progress on electoral reform during the quarter. \(^481\) The head of the Afghan elections-focused, nongovernmental organization Transparent Election Foundation of Afghanistan (TEFA), expressed a similar view and was quoted in late March saying, “I see no clear political will on the part of the government to bring about electoral reforms.” \(^482\)

Afghan and international observers have called for election reform before the upcoming parliamentary elections. In April, the Afghan elections-focused, nongovernmental organization Free and Fair Election Forum of Afghanistan (FEFA) released survey results from 125 members of parliament. The survey that found that 92% of respondents support reforming the elections laws and structure of the electoral bodies. \(^483\)

The current parliament’s term is set to expire on June 21, 2015. The Afghan constitution requires elections for the lower house of parliament to take place 30–60 days prior to the expiration of the term. \(^484\) In February, the British Ambassador to Afghanistan, Richard Stagg, stated in an interview
that holding elections before reforming the electoral institutions would be “a big mistake.” In an interview in late March, Abdullah was quoted saying, “as long as the electoral system is not reformed, the elections will not be held.” On April 1, Second Vice President Danesh told parliament that parliamentary elections may be postponed for a year if election reforms are not finalized in a timely fashion.

The September 2014 agreement that led to formation of the national-unity government included a commitment to form a commission on electoral reform. On March 21, the Office of the President announced that Ghani had established the Special Electoral Reform Commission (SERC). According to the statement, Ghani formed the SERC to bring “fundamental reform” to the Afghan electoral system, strengthen rule of law and the democratic process, and prevent violations of electoral laws and regulations. The statement said the SERC would have 15 members. In April, the SERC deputy was quoted as saying that the commission had not begun its work due to “disagreements” between Ghani and Abdullah. The SERC deputy also reportedly said there was internal debate between SERC members over the value of the commission, as it is an advisory body and decision-making authority remains with Ghani.

There have been plans since 2009 to introduce biometric identity cards (e-tazkera) to reduce opportunities for ballot fraud. These plans have been delayed by logistical problems and disagreements about which terms to use on the identity cards to indicate categories of nationality. According to USAID, the introduction of the electronic identification cards was a priority under the national-unity government agreement, and both the Afghan president and CEO back using the cards. USAID and the European Union are currently supporting a 90-day pilot test in Kabul in which the Ministry of Interior (MOI) is collecting data from civil servants and their families in support of the e-tazkera. The e-tazkera project is also working with UNDP ELECT II to conduct a pilot project in a selected nahiya (precinct) in Kabul City for the upcoming election. The e-tazkera project will develop population data that can be used by the Independent Election Commission (IEC) to develop a voter list based on the electronic identification with biometric data.

USAID and other donors are currently discussing UNDP’s ELECT II proposed budget and action plan for next election. According to USAID, while USAID and other donors want ELECT II to assist the next election, they have sent clear messages to UNDP that improvements are required in the areas of voter registration and boundaries, election integrity, sustainability, financial oversight, and anti-fraud strategy. UNDP ELECT II has acknowledged donor concerns and is working with Afghan election-management bodies to develop a better action plan.

In February, Democracy International (DI) issued the findings from an election survey that collected the views of 4,020 Afghans in October and
November 2014. DI found that 62.1% of respondents agreed that the 2014
election results reflected the will of the people. An overwhelming major-
ity of respondents (92.3%) believe that there is a need for electoral reform
in Afghanistan before the parliamentary elections. Only 19.5% and 14.9% of
respondents reported having a lot of confidence in the Afghan IEC and the
Independent Electoral Complaints Commission (IECC), respectively. The
rate of respondents who reported having no confidence in the IEC and IECC
increased by nearly 13.5 points and 10.9 points, respectively, since 2013.494

In early March, the IECC announced the results of a three-month inves-
tigation into fraud allegations against IEC staff stemming from the 2014
elections. According to the IECC, approximately 13,000 temporary and
20 permanent IEC staff were accused of fraud and other violations.495 The
IECC announced later that the top IEC provincial officials for Faryab,
Khowst, and Paktika Provinces were found to have committed fraud and
were removed from their positions for 10 years. Nearly 10,000 temporary
IEC personnel were blacklisted for fraud or other violations.496

In late March, the head of the legal and judicial commission of the lower
house of parliament accused IEC officials and members of parliament of
trading the promise of electoral victory in the upcoming parliamentary elec-
tions in return for not supporting amendments to the election law.497

U.S. ASSISTANCE TO THE AFGHAN GOVERNMENT BUDGET

Summary of On-Budget Agreements

To improve governance and align development efforts with Afghan pri-
orities, international donors at the 2010 Kabul Conference committed
to increase to 50% the proportion of civilian development aid delivered
on-budget to the Afghan government.498 The donors, including the United
States, reiterated this pledge at the July 2012 Tokyo Conference and again at
the December 2014 London Conference.499

As shown in Table 3.21 on the following page, USAID expects to spend
$1.32 billion on active direct bilateral-assistance programs. It also expects
to contribute $1.9 billion to the ARTF, on top of $1.37 billion disbursed
under the previous grant agreement between USAID and the World Bank.500
USAID has disbursed $105 million to the AITF.501

At the 2012 Chicago Conference, the international community com-
mitted to financially support the Afghan security forces through separate
mechanisms for the army and police with an estimated annual budget of
$4.1 billion for an initial force of 228,000 personnel.502 At the September
2014 Wales Summit, NATO allies and partners renewed their commitment
to contribute significantly to financial sustainment of the Afghan National
Security Forces (ANSF) through the end of 2017 and to financially sus-
tain the ANSF over the next 10 years. The international community has

On-budget: encompasses donor funds that are aligned with Afghan government plans,
include in Afghan government budget documents, and appropriated by the
parliament and managed by the Afghan treasury system. On-budget assistance is
primarily delivered either through direct bilateral agreements between the donor
and Afghan government entities, or through multidonor trust funds.

Source: SIGAR, Quarterly Report to the United States Congress,
7/30/2014, p. 130; Ministry of Finance, “Aid Management
Policy for Transition and Beyond,” 12/10/2012, p. 8.
pledged nearly €1 billion, approximately $1.29 billion,\(^5\) annually to sustain the ANSF for 2015 through the end of 2017. The Department of Defense requested and received $4.1 billion in the FY 2015 budget,\(^6\) which would help sustain the ANSF surge end strength of 352,000 through 2015 and has requested $3.8 billion in the FY 2016 budget.\(^7\) The U.S. government announced in March that it intends to seek funding to support the ANSF at the level of 352,000 personnel through at least 2017.\(^8\)

In 2015, DOD expects to contribute $112 million to the MOI through the Law and Order Trust Fund for Afghanistan (LOTFA).\(^9\) Other international donors increased their contributions to LOTFA,\(^10\) allowing for a significant decrease in the U.S. contribution to LOTFA which was approximately $308 million in the previous year.\(^11\) DOD also expects to contribute

### TABLE 3.21

#### USAID ON-BUDGET PROGRAMS

<table>
<thead>
<tr>
<th>Project/Trust Fund Title</th>
<th>Afghan Government On-Budget Partner</th>
<th>Special Bank Account?</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 3/31/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bilateral Government-to-Government Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Transmission Expansion and Connectivity Project (PTEC)</td>
<td>Da Afghanistan Breshna Sherkat (DABS)</td>
<td>Yes</td>
<td>1/1/2013</td>
<td>12/31/2016</td>
<td>$670,000,000</td>
<td>$28,049,353</td>
</tr>
<tr>
<td>Partnership Contracts for Health Services (PCH) Program</td>
<td>Ministry of Public Health (MOPH)</td>
<td>Yes</td>
<td>7/20/2008</td>
<td>12/31/2015</td>
<td>259,663,247</td>
<td>210,034,769</td>
</tr>
<tr>
<td>Sheberghan Gas Development Project (SGDP)</td>
<td>Ministry of Mines and Petroleum (MOMP)</td>
<td>Yes</td>
<td>5/15/2012</td>
<td>4/30/2015</td>
<td>90,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Kajaki Unit 2 Project (Installation of Turbine Generator Unit 2 at Kajaki Dam Hydropower Plant)</td>
<td>DABS</td>
<td>Yes</td>
<td>4/22/2013</td>
<td>12/31/2015</td>
<td>75,000,000</td>
<td>18,424,853</td>
</tr>
<tr>
<td>Agriculture Development Fund (ADF)</td>
<td>Ministry of Agriculture, Irrigation and Livestock (MAIL)</td>
<td>Yes</td>
<td>7/18/2010</td>
<td>12/31/2014*</td>
<td>74,407,662</td>
<td>54,000,000</td>
</tr>
<tr>
<td>Basic Education and Literacy and Vocational Education and Training (BELT) - Community-Based Education</td>
<td>Ministry of Education (MOE)</td>
<td>Yes</td>
<td>10/29/2013</td>
<td>10/28/2017</td>
<td>56,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Afghanistan Workforce Development Project (AWDP)</td>
<td>MOE</td>
<td>Yes</td>
<td>9/18/2013</td>
<td>4/3/2016</td>
<td>30,000,000</td>
<td>664,275</td>
</tr>
<tr>
<td>Basic Education and Literacy and Vocational Education and Training (BELT) - Textbooks Printing and Distribution</td>
<td>MOE</td>
<td>Yes</td>
<td>11/16/2011</td>
<td>12/31/2018</td>
<td>57,000,000</td>
<td>24,436,268</td>
</tr>
<tr>
<td>E-Government Resource Center (EGRC)</td>
<td>Ministry of Communications and Information Technology (MOCIT)</td>
<td>Yes</td>
<td>8/28/2013</td>
<td>6/1/2016</td>
<td>3,900,000</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Multi-Donor Trust Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afghanistan Reconstruction Trust Fund (ARTF) (current award)**</td>
<td>Multiple</td>
<td>No</td>
<td>3/31/2012</td>
<td>3/31/2017</td>
<td>1,900,000,000</td>
<td>1,033,302,620</td>
</tr>
<tr>
<td>Afghanistan Infrastructure Trust Fund (AIFT)**</td>
<td>Multiple</td>
<td>No</td>
<td>3/31/2016</td>
<td>3/31/2017</td>
<td>105,670,184</td>
<td>105,000,000</td>
</tr>
</tbody>
</table>

Note: *Extension in process. **USAID had a previous award to the ARTF that concluded in March 2012 and totaled $1,371,991,195 in disbursements. Cumulative disbursements from the two ARTF awards are currently $2,405,293,815. ***On October 9, 2014, USAID de-obligated $179,500,000 from the AITF. Source: USAID, OPPD, response to SIGAR data calls, 3/26/2015 and 4/9/2015; USAID, response to SIGAR vetting, 4/12/2015.
approximately $1.597 billion this year in direct contributions to the Ministry of Defense (MOD) and approximately $553 million in direct contributions to the MOI.510

According to an April report by The Times of London, the British government decided to suspend its planned £70 million (approximately $105 million) contribution to LOTFA due to corruption concerns.511

Civilian On-Budget Assistance

USAID provides on-budget civilian assistance through (1) bilateral agreements with seven Afghan government entities and (2) through contributions to two multilateral trust funds, the Afghanistan Reconstruction Trust Fund (ARTF) and the Afghanistan Infrastructure Trust Fund (AITF).512 According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the MOF for each program.513

The ARTF, administered by the World Bank, provides funds to both the Afghan government’s operating and development budgets in support of Afghan government operations, policy reforms, and national-priority programs.514 The AITF, a multilateral trust fund administered by the Asian Development Bank, coordinates donor assistance for infrastructure projects in Afghanistan.515 According to USAID, the majority of on-budget funding has been and will continue to be directed through the multilateral trust funds, particularly the ARTF.516

The World Bank, as the ARTF administrator, employs a systematic approach to minimizing the exposure of ARTF funds to fiduciary risk. This includes policies, procedures, and practices to identify, analyze, evaluate, and then address and monitor risk. The World Bank provides technical assistance to the Afghan government to ensure that such systems are in place and strengthened.517

In addition to the Afghan government’s own control systems, the World Bank closely supervises the ARTF funds, according to USAID. The World Bank has added controls to its normal supervision system in the form of the ARTF monitoring agent (MA) and the ARTF supervisory agent. Disbursements to the Afghan government under the Recurrent Cost Window are made for eligible civilian operating expenditures of the government. The Bank has hired an MA to review recurrent-cost expenditures. The purpose of the MA is to ensure all expenditures financed from the Recurrent Cost Window are eligible and to deduct ineligible expenditure. The MA’s monitoring is undertaken in two stages: a desk review of expenditure is followed by selective site visits to ensure supporting documentation is in place.518

Over the past three quarters, SIGAR requested USAID to provide information on the ARTF MA for operating costs (Recurrent Cost Window). USAID said it does not know how frequently the MA visits the provinces and has no findings from these visits. The agency added that while the World Bank may share MA reports with donors at its discretion, it does
not regularly provide them.\textsuperscript{519} Despite SIGAR’s request, USAID failed to provide examples of these reports. For more information, USAID directed SIGAR to the World Bank’s public reporting,\textsuperscript{520} the most recent of which shows that the MA and the World Bank approved 100\% of the payroll and operations and maintenance expenditures submitted thus far for FY 1393 (December 22, 2013–December 21, 2014). In past years, the ARTF Recurrent Cost Window MA and the World Bank approved a low of 73\% of payroll submissions (Afghan solar year (SY) 1391, March 21, 2012–December 20, 2012) and a low of 13.89\% of operations and maintenance submissions (SY 1382, March 21, 2003–March 19, 2004).\textsuperscript{521}

This quarter, USAID indicated that their confidence in the World Bank’s administration of the Recurrent Cost Window, as well as the entire ARTF, is based on the U.S. government determination that the World Bank is a Category 1 Public International Organization. According to USAID, U.S. law and policies mean that USAID relies on the World Bank’s implementation of internationally accepted standards with regard to financial oversight of the ARTF.\textsuperscript{522} However, SIGAR has raised concerns about the administration of another trust fund that covers recurrent costs, the LOTFA, that is administered by another Category 1 Public International Organization, UNDP.\textsuperscript{523} In an audit issued last quarter, SIGAR found that the MA employed by UNDP to verify recurrent costs such as salaries used a process that may have artificially inflated the percentage of successfully verified police personnel from a range of 50\% to as much as 84\%.\textsuperscript{524}

**On-Budget Assistance to the ANSF**

A large portion of on-budget assistance is for the Afghan security forces. DOD provides on-budget assistance to the Afghan government through (1) direct contributions from the Afghanistan Security Forces Fund (ASFF) to the MOD and the MOI, and (2) ASFF contributions to the multidonor LOTFA. Administered by the UNDP, LOTFA primarily funds Afghan National Police (ANP) salaries.\textsuperscript{525} Direct-contribution funding is provided to the MOF, which allots it incrementally to the MOD and MOI, as required.\textsuperscript{526}

In February 2011, the Under Secretary of Defense Comptroller authorized the Combined Security Transition Command-Afghanistan (CSTC-A) to provide direct contributions to the government of Afghanistan from ASFF to develop ministerial capacity and capability in the areas of budget development and execution, acquisition planning, and procurement. CSTC-A administers all contributions of ASFF resources to the MOD and MOI. CSTC-A monitors and formally audits the execution of those funds to assess ministerial capability, ensure proper controls and compliance with documented accounting procedures, and compliance with the provisions in the annual commitment letters.\textsuperscript{527} CSTC-A has an audit division consisting of eight auditors to perform independent assessments of Afghan government
financial processes. CSTC-A reviews weekly data from the Afghanistan Financial Management Information System (AFMIS) to monitor expenditures for sufficiency of funds and rate of expenditures or “burn rates.”

CSTC-A analyzes AFMIS expenditure data to identify abnormalities. Abnormalities are AFMIS reported expenditures classified with object codes which CSTC-A does not fund. The Afghan government seems to be working to limit MOD expenditure abnormalities, potentially leading to less questioning of costs. When CSTC-A identifies abnormalities in AFMIS coding, these abnormalities are provided to MOI and MOD to correct. According to CSTC-A analysis, “the rate of correct coding [for MOD expenditures] in AFMIS has greatly improved from 50% coded correctly in FY 1392 (December 21, 2012–December 21, 2013) to 99% coded correctly in FY 1393 (December 22, 2013–December 21, 2014).” CSTC-A states that MOD appears to have undertaken “a significant process change” that “suggests that [the Afghan government] has an increased understanding of CSTC-A's miscode procedure.” Any CSTC-A-provided funding that is miscoded and not corrected within the 30-day period will be withheld from future disbursements.

CSTC-A acknowledges that AFMIS data is entered by Afghan ministry staff, making the reliability of AFMIS data dependent on those same Afghan government staff. If a transaction is omitted, for example, CSTC-A would not necessarily be aware of it. CSTC-A does not know of any periodic data-validity checks of AFMIS data quality, but reports that CSTC-A conducts weekly AFMIS reviews and “validates data to the maximum extent possible.”

Last quarter, CSTC-A concluded new agreements, called commitment letters, governing direct contributions to the MOD and MOI. CSTC-A's total contribution to the MOD FY 1394 budget is 89.47 billion afghani (approximately $1.6 billion using an exchange rate of 56 afghani per dollar).

CSTC-A's total contribution to the MOI FY 1394 budget is 30.99 billion afghani (approximately $550 million using the same exchange rate).

The 1394 commitment letters expressed CSTC-A's intent to transition management of previously off-budget assistance to the ANSF, including fuel services. According to the commitment letters, the estimated annual cost for fuel services for MOD is $262 million, while the estimate for MOI is $150 million. CSTC-A retains the right to procure fuel off-budget. CSTC-A noted in the commitment letters for both MOD and MOI that corruption in the purchase and delivery of fuel is a particular area of concern.

As reported last quarter, SIGAR conducted a criminal investigation into serious allegations that the MOD fuel contract was corrupted by contractor collusion, price fixing, and bribery. This quarter, Ghani canceled the nearly $1 billion contract to supply fuel to the Afghan army for three years following accusations of procurement-related corruption. Ghani also launched an investigation after learning of a reported $214 million

**Off-budget assistance:** encompasses donor funds that are excluded from the Afghan national budget and not managed through Afghan government systems.
The Special Procurement Commission (SPC): an Afghan government body involved in procurements for contract awards that exceed regular procurement approval thresholds (which vary depending on the type of procurement), was one of the bodies accused of improprieties in the MOD fuel-procurement scandal. The commission consisted of the ministers of finance, justice, and economy. At the time of the MOD fuel procurement, the SPC was chaired by the Minister of Finance, Omer Zakhilwal, who is currently Ghani’s economic advisor.

In November 2014, before the February 2015 announcement that Ghani had suspended MOD officials related to the fuel-procurement scandal, the MOF announced plans to centralize major contract procurements under Ghani’s direct review. In February, Ghani issued a presidential decree that modified the Afghan procurement law and established the National Procurement Commission (NPC) to replace the SPC. According to Ghani, his plan is to centralize procurements of large contracts for a “couple of years” under a presidential commission consisting of a core group of officials with “impeccable credential[s] for honesty” and later return procurement authorities to other Afghan institutions. The NPC is chaired by Ghani, and consists of the first and second vice presidents and the ministers of justice, finance, and economy. Both Ghani and Abdullah have actively participated in NPC meetings.

GOVERNANCE

difference between the higher bid of the winning contractor and that of another potential bidder.\textsuperscript{540} According to the Wall Street Journal, Ghani’s investigation focuses on whether Afghan officials colluded with the winning bidder to award the contract to the company at an inflated price. Representatives of the company with the lower bid claimed that police prevented them from submitting their bid on time. Their bid was reportedly rejected for arriving 15 minutes late. Five senior Afghan military officers and a civilian ministry official have been suspended pending the results of the investigation.\textsuperscript{541} In April, the Oversight Committee for MOD Agreements found that potential bidders collaborated with each other and with the MOD, the Afghan Directorate of Reconstruction and Development, and the Afghan Special Procurement Commission to charge more than $100 million above the daily market rate for fuel. The committee reported that after signing a contract with one of the companies, one Afghan official was paid up to $5 million as a bribe. The committee recommended that the involved government officials be fired and that the Afghan government take legal action against them.\textsuperscript{542} A presidential spokesman said Ghani will make a decision based on the suggestions of the committee.\textsuperscript{543}

According to CSTC-A, the fuel procurement investigation has caused CSTC-A and the Afghan government to reexamine and, in some cases, delay the transition of off-budget procurements to on-budget contracting for fuel and other items. CSTC-A is reexamining the Afghan government’s procurement process to address execution problems, lack of capacity, failure to adhere to Afghan procurement laws, and other systemic issues.\textsuperscript{544} The 1394 commitment letters require a fuel-contract documentation review every two weeks with each ministry (MOI or MOD), contracted vendors, and Coalition representatives. CSTC-A intends to decrease future funding if a purchase fails to comply with provisions within the commitment letter. CSTC-A has also focused their audit efforts on fuel, along with other priorities including pay and ammunition.\textsuperscript{545}

Following an agreement between donors and MOI, in December 2014 LOTFA ended its pilot program to pay police salaries through mobile-money payments to cell phones. The mobile-money pilot was intended to reduce administrative corruption in paying salaries, particularly in areas that lacked banking facilities. (Normally in such areas a “trusted agent” would deliver other salaries in cash.)\textsuperscript{546} The mobile-money pilot also operated in areas where commercial bank services were available, but with mobile-money costs higher than equivalent payments through commercial banks, they were deemed unfeasible. The final group of police paid via mobile money included 79 police personnel in Ghor Province and in 221 in Badakhshan Province.\textsuperscript{547}

Despite the end of the LOTFA mobile-money pilot, the MOF recently started a mobile-money pilot program with 50 of its own personnel. Once the pilot program is complete, the MOF plans to rapidly expand the program nationally. According to CSTC-A, this will potentially affect all ANP salary

payments made via mobile money. CSTC-A advisors have been told that Ghani requested that police salary payments be made via mobile money, but these advisors have not seen written documentation to this effect. According to CSTC-A, LOTFA donors support this new pilot program.  

In an audit released this quarter, the Department of Defense Inspector General (DOD IG) raised concerns previously identified by SIGAR when it found that the MOI and MOD did not have effective controls over the contract-management process for U.S. direct-assistance funding provided to sustain the ANSF. Specifically, the ministries did not adequately develop, award, execute, or monitor individual contracts funded with U.S. direct assistance. According to DOD IG, the Ministry of Finance (MOF) did not sufficiently oversee the MOD and MOI’s planning, accounting, and expenditure of U.S. direct assistance funding, nor did MOD and MOI develop internal compliance functions to ensure adherence to Afghan procurement law and the commitment letters.

According to CSTC-A officials interviewed by DOD IG, one of the main reasons the Afghan ministries did not develop the required level of capacity was “internal pressure to not allow the Afghans to fail.” Furthermore, CSTC-A officials stated that pressure to maintain hard-fought gains and not compromise ANSF operations resulted in the Coalition overlooking ministerial shortcomings. Consequently, CSTC-A officials often performed ministerial functions, did not enforce commitment-letter requirements, and allowed the MOF to exclude mentors. According to CSTC-A, the approach documented by DOD IG does not reflect CSTC-A’s official position since CSTC-A personnel performing ministerial functions is not encouraged nor endorsed.

NATIONAL GOVERNANCE

The United States provides assistance to Afghan governing institutions to build their capacity to perform critical services and thereby increase their legitimacy in the eyes of the Afghan population. Assistance is provided in two ways: (1) through contracts, grants, and cooperative agreements, and increasingly, (2) through on-budget assistance. The U.S. government is focused on increasing the financial and program-management capabilities of Afghan government institutions through capacity building and on-budget programs.

The Tokyo Mutual Accountability Framework (TMAF) serves as a cornerstone of international engagement and is the agreed instrument for measuring mutual accountability. The international community and Afghan government agreed to the TMAF at the Tokyo Conference of Donors in July 2012. Later the TMAF was augmented with intermediate targets for the Afghan government and the international community called “hard deliverables,” such as passage of a mining law. According to State, the TMAF
and related indicators are intended to provide Afghan citizens, international donors, and other international observers a readily available mechanism to assess the Afghan government’s commitment to reform and as a means for donors to justify continuing to provide extraordinary amounts of assistance. The consequence of non-performance is a weaker justification for continued assistance.555

USAID has reported that, as a matter of policy, the U.S. Embassy Kabul is no longer evaluating or updating the original version of hard deliverables. According to USAID, the previous set of hard deliverables is no longer part of the discussion.556 According to State, international donors and the Afghan government have discussed the need to refresh TMAF and agree that the revisions should be based on the Afghan government’s paper presented at the December 2014 London Conference, Realizing Self-Reliance: Commitments to Reforms and Renewed Partnership. The Afghan government is working to translate this paper into a prioritized action plan coordinated with a revised set of national priority programs (NPPs). The Senior Officials Meeting is set for September 2015.557

Capacity-Building Programs
USAID capacity-building programs seek to improve Afghan ministries’ ability to prepare, manage, and account for on-budget assistance. These programs also provide general assistance to support broader human and institutional capacity-building of Afghan government entities.558 As shown in Table 3.22, programs include USAID’s $31 million Leadership, Management, and Governance Project that aims to strengthen Afghanistan’s financial-management systems and the capacity of the Ministry of Public Health and the Ministry of Education to meet requirements set at the 2010 Kabul International Conference for increased on-budget aid.559 USAID is also funding the Ministry of Women’s Affairs Organizational Restructuring and Empowerment project, a $15 million project that among other things assists the ministry to improve its financial management, as required for future on-budget assistance.560

To encourage Afghan ministries to rely more heavily upon the civil service and reduce dependency on the “parallel civil service” created through certain donor-funded programs to pay the salaries of highly qualified non-civil servants, USAID has decided to move assistance from stand-alone programs to the ARTF’s Capacity Building for Results (CBR) program.561 CBR supports ongoing public-administration reforms across the government, training for selected civil servants, and limited technical assistance to support ministry reforms.562

In January, the World Bank found the CBR was making unsatisfactory progress due to ongoing slow implementation, particularly with recruitment of CBR-supported Afghan civil servants, resulting in limited progress on results indicators. The Bank said CBR cannot achieve its expected
development objectives without substantial changes in implementation and approach. The new Afghan government views CBR as a key instrument for implementation of NPPs. Overall progress towards achievement of its development objectives has been slow due to aspects of the project design, capacity issues, and political/economic factors.563

According to the World Bank, establishing a comprehensive program for reforms and training with robust entry criteria, an appropriate salary scale, and the necessary management systems was a complex undertaking given the environment. The pace of project implementation requires significant acceleration to reach the project objectives within the targeted time frame.564

According to the World Bank, project progress has been limited. There are four ministries with approved CBR programs, two of which were approved in July 2014. These are the Ministry of Agriculture, Irrigation, and Livestock; Ministry of Communication and Information Technology; Ministry of Mines and Petroleum; and Ministry of Labor and Social Affairs, Martyrs, and Disabled. These ministries have requested over 600 CBR-supported civil service recruitments. The World Bank had expected that the pace of recruitment would increase after CBR engaged a human resources firm to support the Independent Administrative Reform and Civil Service Commission, but this has not been the case since the Afghan government imposed a civil-service hiring freeze in September 2014.565 On April 6, Abdullah announced that parliament-approved ministers were empowered to hire new staff if necessary.566

**National Assembly**

According to State, Afghanistan’s parliament continues to demonstrate growing capacity and political maturity. While fractious, the parliament is capable of protecting its legislative equities with the executive branch and directing a public spotlight on ministries. The legislative branch remains weaker relative to the executive, but members of parliament appear to be trying to strengthen their hand. However, staffing struggles, corruption, and low levels of education and experience continue to plague the body.567

---

**TABLE 3.22**

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Afghan Government Partner</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 3/31/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership, Management, and Governance Project</td>
<td>Ministry of Public Health Ministry of Education</td>
<td>9/25/2012</td>
<td>6/30/2015</td>
<td>$37,853,384</td>
<td>$32,007,979</td>
</tr>
<tr>
<td>Ministry of Women’s Affairs Organizational Restructuring and Empowerment (MORE)</td>
<td>Ministry of Women’s Affairs</td>
<td>12/20/2012</td>
<td>12/19/2015</td>
<td>14,182,944</td>
<td>5,268,555</td>
</tr>
</tbody>
</table>

Source: USAID, response to SIGAR data call, 4/9/2015.
The Wolesi Jirga (the lower house) and Meshrano Jirga (the upper house) were in their winter recess for most of the quarter, from January 30 to March 6.68

Before beginning winter recess, on January 28, the Wolesi Jirga confirmed nine out of 19 cabinet nominees made by Ghani and Abdullah. Those approved included:

• **Minister of Finance**: Eklil Hakimi (Ghani selection), former Afghan Ambassador to the United States and former Deputy Minister of Foreign Affairs;
• **Minister of Hajj and Religious Affairs**: Faiz Mohammad Osmani (Ghani selection), former university lecturer;
• **Minister of Mines**: Daud Shah Saba (Ghani selection), former governor of Herat;
• **Minister of Foreign Affairs**: Salahuddin Rabbani (Abdullah selection), former chairman of the High Peace Council;
• **Minister of Interior**: Noor ul-Haq Ulumi (Abdullah selection), former governor of Kandahar, former member of the Wolesi Jirga;
• **Minister of Refugees and Repatriation**: Sayed Hussain Alemi Balkhi (Abdullah selection), former member of the Wolesi Jirga;
• **Minister of Rural Rehabilitation and Development**: Nasir Durrani (Abdullah selection);
• **Minister of Public Health**: Ferozuddin Feroz (Abdullah selection), former Deputy Minister of Health;
• **Director of the National Directorate for Security (NDS)**: Rahmatullah Nabil (independent), previous NDS chief.69

According to USAID, while achieving quorum has been a challenge for parliament in the past, this quarter both houses of parliament achieved quorum when critical legislation was before them. This quarter, the Wolesi Jirga had no issue with achieving quorum during the ministerial hearings.70

Parliament also held hearings and summoned various government officials during the quarter including:

• On March 15, the Meshrano Jirga summoned the Minister of Foreign Affairs and the Minister of Refugees on the issue of Afghan refugees in Pakistan. The Minister of Refugees also appeared before the Wolesi Jirga on March 16 to discuss the same issue.
• On March 18, the lower house summoned the Minister of Foreign Affairs, members from the High Peace Council, and the Deputy of the National Security Council to answer questions regarding reconciliation.
• On March 23, the lower house summoned the Minister of Interior, Deputy Minister of Defense, and the Deputy NDS chief to answer questions about insecurity in the country.71
USAID funds the $23.5 million Assistance to Legislative Bodies of Afghanistan project (ALBA) to help Afghanistan’s parliament operate as an independent and effective legislative, representative, and oversight body. Over the past quarter, ALBA supported the following parliamentary commissions to undertake oversight trips in the provinces:

- **Nangarhar**: Meshrano Jirga Commission on the Disabled and Refugees;
- **Kunduz**: Meshrano Jirga Economic and Budget Affairs Commissions; and

**SUBNATIONAL GOVERNANCE**

The United States government supports initiatives at the subnational level to give Afghans a greater stake in their own government. The goal is to make local government more visible, accountable, and responsive to the Afghan people.

**Rural Stabilization Programs**

USAID has several stabilization programs aimed at helping the Afghan government extend its reach into unstable areas and build local governance capacity. These programs include USAID’s four Stability in Key Areas (SIKA) projects, two Community Cohesion Initiative (CCI) programs, the Afghan Civilian Assistance Program II (ACAP II), and the ARTF’s National Solidarity Program (NSP). The United States has requested that $865 million of its ARTF contributions support the NSP, but has not “preferenced” (earmarked) any additional ARTF support for NSP since 2012. Table 3.23 summarizes total program costs and disbursements to date.

### Table 3.23

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 3/31/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Solidarity Program (NSP) via the Afghanistan Reconstruction Trust Fund (ARTF)*</td>
<td>2004</td>
<td>2012</td>
<td>$865,000,000</td>
<td>$865,000,000</td>
</tr>
<tr>
<td>Stability in Key Areas (SIKA) East</td>
<td>12/7/2011</td>
<td>9/6/2015</td>
<td>177,054,663</td>
<td>107,849,917</td>
</tr>
<tr>
<td>SIKA South**</td>
<td>4/10/2012</td>
<td>4/9/2015</td>
<td>116,888,836</td>
<td>67,472,586</td>
</tr>
<tr>
<td>Community Cohesion Initiative (East, South, Southwest)</td>
<td>3/1/2012</td>
<td>2/28/2015</td>
<td>161,499,422</td>
<td>80,516,780</td>
</tr>
<tr>
<td>Afghanistan Civilian Assistance Program (ACAP II)</td>
<td>9/27/2011</td>
<td>2/15/2015</td>
<td>64,000,000</td>
<td>52,219,722</td>
</tr>
<tr>
<td>SIKA West</td>
<td>1/29/2012</td>
<td>8/31/2015</td>
<td>54,000,000</td>
<td>42,837,673</td>
</tr>
<tr>
<td>SIKA North</td>
<td>3/15/2012</td>
<td>4/30/2015</td>
<td>38,000,000</td>
<td>33,061,508</td>
</tr>
<tr>
<td>Community Cohesion Initiative (North, West)</td>
<td>9/10/2013</td>
<td>9/9/2015</td>
<td>36,221,640</td>
<td>13,859,275</td>
</tr>
</tbody>
</table>

Note: *This includes USAID contributions to the ARTF with an express preference for the National Solidarity Program (NSP). According to the agreement with the World Bank, donors can only express a preference on how their donations are used up to 50% of their total contribution. The remaining, unpreferenced funds provided to the ARTF may also be used to support NSP.

**The disbursement data includes the total for both SIKA South awards.**

The USAID Measuring Impacts of Stabilization Initiatives (MISTI) project is a third-party monitoring and evaluation program that evaluates the impact of USAID stabilization programs. This quarter, SIGAR asked USAID whether MISTI had information on how its data, particularly MISTI-sponsored surveys and the resulting stability index, is used to gauge the impact of USAID stabilization programs. According to MISTI, the primary purpose of the MISTI survey data is to perform a village-level impact evaluation that looks at the impact of USAID programming on perceptions of stability at the village level and how this changes over time.576 However, the USAID office that oversees MISTI responded that

How the [USAID Afghanistan] Mission utilizes the impact evaluation and stabilization trends is best answered by each of the individual [USAID contracting officer representatives] CORs for the programs that MISTI supports. MISTI has no involvement with how the [USAID Afghanistan] Mission uses these results, either in directing changes based on results or tracking course corrections made by the individual CORs in response to MISTI data. To understand how each program utilizes MISTI data, only the CORs of those programs can answer that question—MISTI is not contractually tasked with tracking use of the data it provides.577

SIGAR found the response contradictory since MISTI has hosted a series of summits, attended by USAID and the implementing partners of all USAID stabilization programs that have focused on lessons learned. However, USAID said although MISTI presents their findings at these summits, MISTI does not have any involvement with the USAID mission’s decision making process related to how the data is used.578

**Stability in Key Areas (SIKA)**

The objective of SIKA is to help district- and provincial-level Afghan government officials respond to the local population’s development and governance concerns, thus instilling confidence in the government and bolstering stability.579 USAID intended the four SIKA programs to “be seen as an extension of the [Afghan government], not as increased foreign presence,” and stipulated that SIKA “must work within Afghan structures” in order to partner with the Afghan Ministry of Rural Rehabilitation and Development (MRRD).580

All four SIKA programs, along with the Independent Directorate for Local Governance (IDLG), MRRD, and USAID participated in three sustainability and transition Workshops from October 2014 to January 2015. Each SIKA implementing partner developed a handover package that defines the program’s closeout plan.581

According to a USAID response this quarter, “none of the SIKAs collect [data] on a comprehensive set of outcome indicators.” The SIKA program monitoring and evaluation units have largely served as data clearinghouses that have conducted a few impact assessments using some focus groups.
and pre- and post-testing. From MISTI’s perspective, SIKA efforts have never been rigorous or systematic enough to understand the outcomes of their programming.582 In response, the USAID office that oversees the SIKA programs commented that they believe the performance monitoring plans for the four SIKA programs outline output, outcome, and impact indicators to be collected by the SIKA programs.583

Community Cohesion Initiative (CCI)
USAID’s CCI programs, split between one program covering the east, south, and southwest, and another covering the north and west, aim to build what USAID calls “resilience” in areas vulnerable to violence and insurgent exploitation. CCI implements initiatives such as engaging community leaders and government officials in identifying and overseeing local community-development projects. The CCI also supports peace-advocacy campaigns at sporting events.584

This quarter, the CCI program covering east, south, and southwest concluded on February 28.585

The CCI independent monitoring unit (IMU) released a case study on youth and resiliency that aimed to evaluate the impact of CCI projects that sought to improve relations among youth and between youth and their communities and local government. The report found that levels of violence and community cohesiveness vary among the districts that received CCI support;586 however, it was not clear from the report what role CCI played in shaping these indicators. CCI’s goals included strengthening community capacities to promote a peaceful transition and countering violent threats to a peaceful transition.587 Despite this, however, according

Resilience: “the ability of people, households, communities, countries and systems to mitigate, adapt to and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth,” according to USAID, which adds, “As this suggests, the concept of resilience and its measurement are complex.”

to USAID, CCI “does not claim or intend to impact security in these areas whatsoever.” According to the IMU, “all [projects meant to benefit youth] were viewed as beneficial” with the greatest support for skill-based training that can improve opportunities for employment.

The IMU report, however, did not provide much evidence that CCI youth projects overcame the security or political situation to produce more resilience or cohesion. In one case highlighted in the report, the IMU highlighted ongoing difficulties experienced by a youth association that was supported by CCI’s predecessor, the Afghanistan Stabilization Initiative-East (ASI-E). The ASI-E-supported youth association dissolved after external financial assistance ended. Even while receiving financial support, youth association participants noted that insecurity across the district diminished the association’s capacity to operate in other villages and limited its access to youth across the district. The association’s membership was limited to one village in which the Afghan security forces had visible control.

Among the lessons learned, the report noted that youth in Taliban-controlled communities cannot voice support or participate in youth initiatives due to personal risks from Taliban. Also, in many places, youth report that their communities are suspicious of their motives.

Afghan Civilian Assistance Program II (ACAP II)
This quarter, the MISTI program issued the final performance evaluation report for ACAP II. ACAP II provided humanitarian relief to families that had suffered losses as a result of conflict between Coalition military forces and the Taliban or other insurgents. ACAP II assistance included immediate assistance (essential items worth up to $50 in the first year and $400 for years two and three of the program), medical assistance and referrals, supplementary assistance (replacement of damaged infrastructure, household items, furniture, and other property lost as result of the incident), and tailored assistance ($4,000 to $7,000 worth of materials and training to start a small business). According to MISTI, ACAP II accomplished its stated goals and objectives. MISTI surveys and focus-group results show that tailored assistance helped people rebuild their lives.

Although ACAP II assistance was available nationwide, over 80% of the assistance was focused in the south, southeast, and east. According to MISTI, ACAP II was the only internationally funded program that provided relatively short term, tailored, non-monetary assistance to individuals and families to fit their circumstances. ACAP II is not a compensation program, nor is it intended to provide condolence payments. Assistance was provided according to the needs of the family and was not per injury or death. The determination of the reason for the incident or who was at fault is not required by ACAP II as a prerequisite for assisting Afghan civilians harmed.

MISTI recommended that incident eligibility criteria for future programs should reflect the greater role Afghans now play in providing for their
Governance

own security by incorporating operations carried out by Afghan security forces as well as international military forces. MISTI also recommended that ACAP II should focus more on capacity building—including database management and information-sharing, eligibility and beneficiary-verification training, and networking between Afghan ministry staff, ACAP II employees, and field-based nongovernmental and international organizations—to improve the sustainability of ACAP II’s approach.596

Provincial and Municipal Programs

USAID recently started two subnational programs focused on provincial centers and municipalities: the Initiative to Strengthen Local Administrations (ISLA) and Strong Hubs for Afghan Hope and Resilience (SHAHAR) programs. Table 3.24 summarizes total program costs and disbursements to date.

Initiative to Strengthen Local Administrations (ISLA)

The ISLA program is meant to enable the Afghan government to improve provincial governance in the areas of fiscal and development planning, representation of citizens, and enhanced delivery of public services. ISLA aims to strengthen subnational systems of planning, operations, communication, representation, and citizen engagement. This should lead to services that more closely respond to all citizens’ needs in health, education, security, justice, and urban services.597

ISLA will operate out of five regional hubs: Kabul, Mazar-e-Sharif, Jalalabad, Kandahar, and Herat, and plans work in 16 provinces, pending agreement with the Afghan government: Badghis, Baghlan, Balkh, Farah, Faryab, Ghazni, Ghor, Herat, Kandahar, Kunar, Laghman, Logar, Nangarhar, Parwan, Wardak, and Zabul.598

ISLA is in mobilization phase; there are no significant developments to report.599

Strong Hubs for Afghan Hope and Resilience (SHAHAR)

The objective of the SHAHAR program is to create well-governed, fiscally sustainable Afghan municipalities capable of meeting the needs of a growing urban population. Targeted support to municipal governments, as well
as to the General Directorate of Municipal Affairs and Municipal Advisory Boards, aims to improve municipal financial management, urban service delivery, and citizen consultation. The program will focus on 16 small and medium-sized provincial capitals located within USAID’s three designated Regional Economic Zones (REZ), as well as the four regional hub provincial capitals of Kandahar city, Herat, Mazar-e-Sharif, and Jalalabad.600

SHAHAR is in mobilization phase; there are no significant developments to report.601

Reconciliation and Reintegration

The Afghan government has placed considerable emphasis on achieving national reconciliation through a formal Afghan-led process.602 According to the UN Secretary-General, there is presently “an alignment of factors [that] offer new possibilities [for reconciliation] including the drawdown of international military forces; a new administration in Kabul; increased regional engagement, including by China; and improved bilateral relations with Pakistan.”603

In January, the Taliban published a statement on its website stating that the movement “wanted peace,” provided its preconditions are met. These preconditions included the end of the foreign military presence, establishment of an Islamic government, and implementation of Sharia law.604 However, despite announcements of imminent talks, there has been little overt progress.605 As of late March, SRAP Feldman stated that “there are no talks [between the Afghan government and Taliban] yet.”606 On April 3, a Ghani spokesman dismissed rumors of meetings between the Afghan government and Taliban.607

In April, the first deputy chief executive officer, Mohammad Khan of the national-unity government, said there was no need for the Afghan High Peace Council (HPC), that the HPC has not been involved in negotiations since the foundation of the government, and that Ghani was undertaking his own efforts independent of the HPC.608

Reconciliation

Afghanistan and Pakistan appeared to have improved their relationship this quarter following a Pakistani Taliban attack in December on a school that killed 132 children in Pakistan.609 Ambassador Feldman said he believes “there is a sincere effort” by Pakistan to facilitate reconciliation. He further stated "I’ve heard frequently in Pakistan a description of the Peshawar massacres as Pakistan’s 9/11.”6010

Ghani, in a talk at the United States Institute of Peace, emphasized the importance of Pakistan to reconciliation. He stated that the challenge is not about peace with Taliban, the problem is fundamentally about peace between Pakistan and Afghanistan. For thirteen
For several years, we have been in an undeclared state of hostilities and this is the definition we have offered our Pakistani counterparts and they have accepted this definition of the problem. That is the breakthrough. ... I am cautiously optimistic and waiting for results [of talks with Pakistani civilian and security officials].

In the same talk, Ghani referred to the Afghan Taliban variously as “Afghan patriots” and “political opponents” who possess a level of political legitimacy and represent some legitimate grievances.611

The Wall Street Journal reported last quarter that China hosted a delegation of Afghan Taliban officials in December. The delegation reportedly wanted to discuss the possibility of opening talks with the Afghan government.612 On January 27, the Taliban issued a statement clarifying that a recent visit by its representatives to Beijing was not an effort to seek a mediation role for China.613

**Afghanistan Peace and Reintegration Program**

The Afghanistan Peace and Reintegration Program (APRP), an Afghan-led program to reintegrate low-level insurgent fighters and their commanders into Afghan civil society, is financed by $182.3 million in contributions from 12 donor nations. Seven donor nations, led by Japan and Germany, provide operational funding for the program. The United States provides funding for reintegration-related community-recovery efforts administered by the World Bank.614 For more information, see the October 2014 Quarterly Report to the United States Congress, pages 149–151.

DOD and State provided no updates this or last quarter on the number of reintegrates facilitated by the APRP. Despite this, the U.S. government recently pledged up to $10 million in support of APRP and the HPC.615 Of this $10 million, State said $5 million will likely support the operating budget of the APRP Secretariat through an on-budget funding mechanism administered by UNDP.616

According to State, APRP has been successful in bringing a modest number of former insurgent fighters back to mainstream Afghan society, but its overall impact on the insurgency likely will not become evident for several years. The new Afghan government intends to use APRP as its primary instrument for facilitating peace and reconciliation activities.617

**RULE OF LAW AND ANTICORRUPTION**

**Project Summary**

The United States has assisted the formal and informal justice sectors through several mechanisms. These include the State Department’s Justice Sector Support Program (JSSP), and Justice Training Transition Program (JTTP). These and other rule-of-law and anticorruption programs are shown in Table 3.25 on the following page.
USAID is designing a stand-alone anticorruption program for Afghanistan. According to USAID, the program will strive to increase transparency and accountability within Afghan government institutions, while also increasing civil society and private sector capabilities to monitor, research, and advocate for anticorruption-related matters.618 This program is currently in the design phase.619

The State Department’s JSSP objectives include developing a case-management system (CMS) to track cases throughout Afghanistan’s justice system and building the capacity and administrative skills of ministry officials.620

The CMS is used to monitor criminal cases at either the individual or aggregated basis from the time of arrest until the end of confinement. All ministries in the formal criminal justice sector have access to the CMS. The CMS is used to demonstrate inefficiencies in the criminal justice system by identifying when cases are not being processed in a statutory manner. According to State, various ministries routinely use the CMS to generate various informative reports, including the Attorney General’s Office (AGO), which generated a report for the new Afghan government. In addition to using the CMS for criminal background checks in order to grant “clearance” for internal and external employment applicants, the MOI generates a weekly report of arrests in Kabul by the type of crime.621

Ministries additionally routinely utilize the CMS to understand the function of the formal justice sector. For example, the CMS can help identify an individual prosecutor’s case load and conviction rates, information that is useful for determining promotion eligibility. Although there is no direct public access to the CMS, defense attorneys and family members of the defendant/accused can utilize certain CMS data. Defense attorneys can access the system to confirm the status of their clients’ cases regarding, among other things, court dates and charges. Family members of the defendant/accused are also allowed access to ascertain information on their accused family member by contacting or inquiring at CMS offices in one of the relevant ministries.622

The State Department’s JTTP provides regional training to justice-sector officials on a wide range of criminal-justice topics.623 JTTP aims to increase the confidence of Afghan citizens in their justice sector and to achieve two

---

**TABLE 3.25**

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 3/26/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Justice System Support Program II (JSSP II)</td>
<td>6/16/2010</td>
<td>6/30/2015</td>
<td>$200,552,518</td>
<td>$190,078,391</td>
</tr>
<tr>
<td>Corrections System Support Program (CSSP III)</td>
<td>1/1/2015</td>
<td>8/1/2015</td>
<td>$12,000,000</td>
<td>$2,010,605</td>
</tr>
<tr>
<td>Justice Training Transition Program (JTP)</td>
<td>1/2/2013</td>
<td>9/30/2015</td>
<td>$26,500,000</td>
<td>$26,500,000</td>
</tr>
</tbody>
</table>

outcomes: (1) to increase the capacity and competencies of Afghan justice sector professionals in delivering justice according to Afghan law and (2) to ensure that Afghan justice institutions are capable of managing the sustainable implementation of training programs.624

JTTP undertakes limited trial observation, focusing on cases within the criminal division jurisdiction at provincial and district-levels. JTTP looks only at proceedings and appeals of cases that are subject to the Criminal Procedure Code (CPC). JTTP's observation and reporting are narrowly focused to collect objective comparative data on a single fair trial indicator, i.e. whether trials are deemed to be ‘open’ in accordance with the procedure set out under the CPC. JTTP has reported to INL many instances in the formal justice proceedings where attorneys and judges have increasingly applied the correct laws and sentencing requirements.625

JTTP legal advisors visit courtrooms of judges who will and/or who have graduated from JTTP courses. If the legal advisors are granted access to the courtroom for a given trial, the trial is reported as “open.” If they are not permitted access to a courtroom for a given trial, and there is no permissible restriction, the trial is reported as “closed.”626

From July 2013 to February 2015, JTTP observed a total of 754 trials, of which 93% were open. In 2015, all 46 trials observed by JTTP were open trials. In the provinces, Nangarhar Province had the lowest overall percentage of open trials to date, 38%.627

The Supreme Court and the Formal Justice Sector
According to the UN Secretary-General, Supreme Court Chief Justice Rasheed Rashid has begun reforms to the court system, including a comprehensive review of the credentials of all judicial staff with the purpose of
ensuring that staff are qualified. The Supreme Court has also established the Special Court for Ministers as required by the Afghan Constitution, to review indictments submitted by the AGO of seven former ministers for corruption and financial crimes.\textsuperscript{628}

**Afghan Correctional System**

According to State, the inmate population of Afghanistan’s prisons managed by the General Directorate of Prisons and Detention Centers (GDPDC) has increased by 16.7% annually over the past five years. As of January 31, the GDPDC incarcerated 28,598 male individuals while the Ministry of Justice’s Juvenile Rehabilitation Directorate (JRD) incarcerated 1,021 male juveniles and 110 female juveniles. These incarceration totals do not include detainees held by any other Afghan governmental organization, as INL does not have access to data for other organizations.\textsuperscript{629}

Overcrowding is a persistent, substantial, and widespread problem within GDPDC facilities, although state-funded prison construction has added some new prison beds and presidential amnesty decrees have reduced the prison population significantly. As of January 31, the total male provincial-prison population was at 214% of capacity, down from 290% last quarter, as defined by International Committee of the Red Cross’s (ICRC) minimum 3.4 square meters per inmate. The total female provincial-prison population was at 66% of the ICRC-recommended capacity, down from 123% last quarter. Information on the capacity of GDPDC-operated district detention centers and the JRD’s juvenile rehabilitation centers is not available. However, anecdotal reporting by INL advisors visiting facilities indicates that overcrowding is a substantial problem in many provinces.\textsuperscript{630}

**Anticorruption**

During Ghani’s address to the joint session of Congress, he labeled corruption a “cancer” that undercut the confidence of Afghans and American taxpayers in the Afghan government, and pledged to “eliminate corruption.”\textsuperscript{631} Efforts to recover funds from the Kabul Bank scandal and the cancellation and subsequent investigation of a major MOD fuel contract were the major anticorruption measures undertaken by the Afghan government during the quarter.

Last quarter, an Afghan appellate court upheld convictions of two former senior officials and nine lower-level employees of crimes related to the 2010 Kabul Bank collapse. The two Kabul Bank officials were each sentenced on three counts and ordered to serve concurrent prison terms amounting to 10 years. In addition, one official was fined $513 million and the other was fined $278 million. The nine other Kabul Bank employees received lesser fines and one year each in jail. In addition, according to news reports, the court also ordered assets frozen for 19 individuals and companies
implicated in fraudulent borrowing schemes that led to the bank's collapse, pending loan repayment.632

On December 4, 2014, the Superior Court and the Public Security Court of the Afghan Supreme Court upheld the appellate court’s ruling. The AGO reported that it would implement the Supreme Court’s ruling and as of early December had recovered a total of $12 million since the case was reopened in October.633

As of late March, Kabul Bank investigators reported that the six largest Kabul Bank debtors had pledged to pay off liabilities of $72 million.634 Despite the reopening of the Kabul Bank case by the national-unity government, the head of the corruption-focused, Afghan nongovernmental organization Integrity Watch Afghanistan told reporters that the Afghan government has made insufficient progress in resolving the case and that the government had recovered only $228 million of the $977 million stolen.635

For more information, see pages 168–169 of this report.

This quarter, Ghani canceled a nearly $1 billion contract to supply fuel to the Afghan army for three years following accusations of procurement-related corruption.636 Ghani also launched an investigation after learning of a reported $214 million difference between the higher bid of the winning contractor and that of another potential bidder.637 Five senior Afghan military officers and a civilian ministry official have been suspended pending the results of the investigation.638

In an interview with Tolo News, the general director of the High Office of Oversight and Anti-Corruption (HOO) stated that, despite the new administration’s promises to combat corruption, “corruption is on the rise.” A spokesman for the Afghan Chamber of Commerce and Industries also reported in February that “corruption has remained as it was under the previous government.”639

During a speech at the Council on Foreign Relations, Ghani stated that “corruption is the system” and highlighted the challenge of reforming the customs system in particular. Labeling the customs duties on transport “a cash cow,” Ghani quantified the challenge by noting the $1.7 billion discrepancy between the value of imports from Pakistan as reported by Afghan ministries ($800 million) and the value of exports to Afghanistan reported by the Pakistan government ($2.5 billion).640

Afghan Attorney General’s Office
During the quarter, Ghani removed the attorney general and replaced him with a deputy attorney general in an acting capacity.641 According to the U.S. Department of Justice (DOJ), there appears to be no political will within the AGO to pursue major crime and corruption cases. However, this may change if an attorney general who is competent and serious about corruption is appointed.642 In a reversal from previous quarters, the acting attorney general has requested DOJ train-the-trainer training for 50 prosecutors.643
According to State, the Anti-Corruption Unit (ACU) of the AGO is able to prosecute lower-level corruption cases, but faces obstacles prosecuting higher-level corruption due to a lack of political will. The ACU suffers low morale; however, the ACU has recently shown an interest in DOJ-supported training opportunities for their prosecutors.644

**Major Crimes Task Force**

The Major Crimes Task Force (MCTF) is an investigatory arm of the MOI and the NDS.645 According to DOD, since the formation of the National Unity Government, the MCTF has begun to more aggressively target senior-level corruption. Over the past several weeks, the MCTF referred five separate corruption cases involving a deputy minister and senior-level MOI and Afghan Public Protection Force (APPF) officials to the AGO for further investigation and prosecution. Despite this increase in referrals, the MCTF has not seen an improvement in case processing at the AGO.646

The AGO has failed to update the MCTF on the progress of their referred cases. In August 2014, the MCTF director general sent official correspondence to the AGO requesting an update for these cases. To date he has not received a complete response to this request. The NDS director sent a similar official correspondence request seeking disposition for five senior-level corruption cases submitted in the fourth quarter of 2014, and has not received a response. According to DOD, the MCTF receives anecdotal evidence of AGO prosecutor corruption wherein prosecutors accept bribes in exchange for releasing suspects without prosecution.647

Over the last two quarters, MCTF has referred 10 separate corruption cases involving a minister, two deputy ministers, two mayors, three senior MOI officers, a senior APPF officer and a ministerial staff member for further investigation and prosecution by the AGO. Under the Criminal Procedure Code, felony-level cases should be brought to trial within 75 days of arrest. In seven of the 10 cases mentioned, no arrest was made prior to referral to AGO, meaning there is no time limit for AGO’s investigation or prosecution decision. More than 90 days have passed since five of the 10 cases were referred to the AGO. In the one case adjudicated, the Pol-e Alam mayor was found guilty of accepting bribes and is currently serving seven months in prison.648

Over the last quarter, MCTF detectives have assumed all training responsibilities while foreign mentors inspect, rather than provide, trainings.649

**Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC)**

According to State, the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) continues to demonstrate competent administrative and technical capacity. State notes, however, that the MEC lacks the authority to do more than illuminate poor or corrupt practices.650
During the quarter, the MEC issued recommendations on the HOO’s self-assessment of Afghanistan’s compliance with the UN Convention Against Corruption (UNCAC). Afghanistan became a signatory to the UNCAC in 2004 and ratified it in 2008. The Afghan government is required to comply with its provisions and conduct a two-phase review of their implementation. According to the MEC, the HOO failed to properly assess Afghanistan’s compliance with the UNCAC. Labeling the HOO’s efforts “superficial, incomplete, and often misleading,” the MEC recommended that the Ghani government (1) conduct a comprehensive review of the first phase of the self-assessment to evaluate accurately its gaps and weaknesses and (2) designate a more competent agency to oversee the second phase of the self-assessment.651

Following the MEC report, the HOO reported that of all the former Afghan government officials required by the constitution to register their assets both before and following their government tenure, only former President Karzai and former Minister of Public Works Najibullah Ozhan had correctly accounted for their assets. According to the HOO, of the 9,457 asset registration forms that were given to the government officials in the Karzai administration, only 5,358 forms were filed with the anticorruption body. Over 900 of the 1,378 forms reviewed by the HOO were found to be inaccurate. As of late March, the HOO reported that only two members of the new administration, the ministers of foreign affairs and mines, have registered their assets.652

Security Services
In a recent interview, the commander of CSTC-A, Major General Todd Semonite, said “the level of corruption [since formation of the national-unity government] is unknown and as a result I can’t give you a number to somehow quantify that,” and added that the Afghan government has implemented additional controls to limit corruption.653 According to DOD, both the MOD and MOI have established institutions for responding to corruption; however, these institutions do not appear to have had much positive effect.654 DOD said that certain dedicated domestic institutions actually hinder, rather than facilitate, anti- and countercorruption efforts, by pursuing “illusory reform” meant to placate donors.655

Ministry of Defense
According to DOD, since the Ghani administration has taken office, the MOD has increased its focus on anticorruption and countercorruption efforts. DOD cites the consideration of merit-based candidates for appointment to Minister of Defense and Chief of General Staff positions; the rejection of candidates for these two positions who have been accused of significant patronage and/or corruption; and Ghani’s swift cancelation of contracts and suspension of the officials responsible following evidence...
of procurement corruption as examples of a new focus on responding to corruption. The suspension of officials has reportedly emboldened honest brokers to speak out and “caused anxiety and distress” among senior officials implicated in corrupt schemes.656

There are currently two forums to address corruption issues within the MOD: the Counter Corruption Working Group (CCWG) and the Senior High Level Committee on Anti-Corruption (SHCAC). Both forums have been ineffective means to take meaningful action for either anticorruption or counter corruption efforts. These forums are primarily chaired, controlled, and manipulated by the same senior officials who engage in corrupt acts. According to DOD, these forums are used by corrupt senior officials to suppress or redirect investigations. With the exception of some minor corruption issues, DOD personnel have yet to witness either the CCWG or SHCAC resolve corruption challenges.657

Although each of the six ANA corps has members assigned to Transparency and Accountability Committees (TAC), all TAC members are members of corps staff (chaired by the deputy corps commander) and never report any information critical of the corps commander.658 This structure also insulates the deputy corps commander (who is also the head of procurement for the corps) from oversight on procurement decisions.659 Because of this lack of independence of the TACs, the MOD General Staff Inspector General (GS IG) assesses the concept of the TACs to be ineffective.660 DOD believes that one way to improve transparency and accountability would be for a GS IG at each of the corps to chair the TACs instead of a member of the Corps Commander’s staff. Although this idea has been presented at both the CCWG and the SHCAC for the past nine months, neither MOD leadership nor corps commanders have taken up the suggestion since, in DOD’s view, they benefit from the current lack of transparency and accountability.661

**Ministry of Interior**

According to DOD, it appears that Ghani followed a merit-based review and selection process when he appointed Noor ul-Haq Ulumi as Minister of Interior. DOD notes, however, that while there have yet to be significant decisions to rid MOI of corrupt leadership, Minister Ulumi has stated numerous times that he is assessing the skills and leadership abilities of candidates within MOI before making decisions about the senior-level staff assignments.662

The MOI TAC used to meet weekly to discuss corruption issues with committee members. However, the TAC was dissolved when the current MOI Inspector General was appointed over a year ago. Currently, MOI, with the endorsement of Minister Ulumi, is at the beginning stage of creating the Transparency Working Group and Transparency Steering Group as the overarching programs which DOD hopes will increase transparency, accountability, and oversight within the MOI.663
Refugees and Internal Displacement

As of March 15, the United Nations High Commission for Refugees (UNHCR) estimated that more than 254,537 people have crossed from Pakistan into Afghanistan’s Khowst and Paktika Provinces due to large-scale Pakistan military operations in neighboring North Waziristan since June 2014. According to State, the refugees are being registered to determine the total population and assess needs.664

State reported no large increases or decreases in refugees leaving Afghanistan. UNHCR recorded 7,045 Afghan refugees returning from both Pakistan and Iran in January and February 2015, compared to 3,025 returning from October through December 2014.665

UNHCR reported a sharp increase of 6,762 registered Afghan refugees returning from Pakistan following the December 2014 Peshawar school attacks and the Pakistani security response. The rate of return from Pakistan since January 2015 is substantially higher compared to the 995 registered Afghan refugees who returned during the same period in 2014. According to State, many returned refugees have felt pressured to return to Afghanistan due to reported arrests, detention, extortion, and harassment by local Pakistani authorities.666

The governments of Pakistan and Afghanistan, together with UNHCR, held the 25th Tripartite Commission Meeting in March to discuss refugee issues affecting the two countries. The participants reaffirmed their commitment to the principle of voluntary repatriation, acknowledged that full and effective reintegration will be a gradual and challenging endeavor, and agreed to engage in consultation to devise a comprehensive plan with realistic timelines for voluntary repatriation.667

As of February 28, UNHCR recorded a total of 829,295 registered conflict-affected Internally Displaced Persons (IDPs), compared to the 782,162 registered IDPs from October to December 31, 2014. According to State, the actual number of internally displaced could be much higher and is difficult to verify. UNHCR reports the major causes of displacement during the quarter were conflict between armed groups and the Afghan security forces, and harassment by armed groups.668

As of February 28, UNHCR reported the top 10 provinces of destination for IDPs were Kabul, Kunduz, Nangarhar, Wardak, Paktiya, Herat, Kunar, Logar, Faryab, and Badakhshan. The provinces of origin were the same as those of destination.669

According to State, Ghani and the new Minister of Refugees and Repatriation Sayed Balkhi have made the implementation of the National IDP Policy a key agenda item. Minister Balkhi has urged his ministry to work with UNHCR in helping provincial governments draft Provincial Action Plans that incorporate the IDP policy into 2015 budget plans.670
**Gender**

The largest gender-focused initiative in USAID’s history is the Promote partnership that aims to assist over 75,000 Afghan women achieve leadership roles in all parts of society, from business to academia and in politics and public policy, over five years.\textsuperscript{671} USAID has committed $216 million to Promote and hopes to raise $200 million from other international donors.\textsuperscript{672} Thus far, USAID has awarded one contract for one of four Promote components (Women’s Leadership Development) with an estimated cost of $42 million.\textsuperscript{673}

USAID is still negotiating with other donor agencies to explore synergies with their current and future women's empowerment programming. USAID anticipates donor contributions will happen in two ways: (1) donors making contributions to existing initiatives managed by USAID or (2) donor agencies aligning their programs directly implemented by their own contractors or grantees with Promote goals and jointly branded.\textsuperscript{674}

USAID is “extremely confident” that Promote will assist beneficiaries in their careers and/or facilitate new careers and economic and social opportunities. USAID cited the experience of the USAID Afghan Workforce Development Program (AWDP) as a source of this confidence.\textsuperscript{675} As of April 2015, AWDP has assisted approximately 2,100 women with placement and/or promotion since 2012. The goal of AWDP is to increase job placement and wages for at least 6,250 women over the life of the four-year program.\textsuperscript{676}

USAID views Promote as a “nontraditional program” that must be responsive to the shifting project priorities, utilize pilot activities, and employ a gradual approach to implementation with continual refinement of methodology.\textsuperscript{677}

During a meeting in October 2014 with Promote implementers, USAID indicated that there were significant political sensitivities related to the program. Because of these sensitivities, it was critical for the Promote implementers to coordinate any meetings with Afghan government officials or Promote-related events with USAID. At the same meeting, USAID emphasized the need to reflect the importance the U.S. government places on Promote as a key legacy development program in Afghanistan.\textsuperscript{678}

The debate over the future of the Law on Elimination of Violence Against Women (EVAW) continued into this quarter. In October 2014, the Ministry of Justice-led Criminal Law Reform Working Group (CLRWG) decided to partially incorporate the EVAW into the draft penal code. EVAW criminalizes acts of violence against women including physical abuse, sexual assault, child marriage, forced marriage, domestic violence, and the exchange of women to settle a dispute (a practice known as *baad*). The law imposes long prison terms for many of these crimes.\textsuperscript{679}

In a February meeting of the CLRWG, there was disagreement between civil society representatives and the acting Minister of Justice over wisdom of incorporating the criminal provisions of the EVAW law into the
draft penal code. Civil-society representatives recently petitioned Ghani to prevent elements of the EVAW from being incorporated into the draft penal code. According to the civil-society representatives, if elements of the EVAW are integrated into the penal code, the government will ultimately ignore the EVAW. The acting justice minister noted that Afghan justice institutions, including the courts, view the EVAW as a legislative decree of the Afghan president; consequently, they do not implement it properly.680

In April, Amnesty International released a report that summarized the views of more than 50 women’s rights defenders from 13 provinces.681 According to the interviewees, women’s rights defenders face a pattern of abuse that is matched by the Afghan government’s systematic failure to provide an environment that protects them or to bring the perpetrators of abuses to justice. According to the report, the Taliban and other armed opposition groups are responsible for the majority of abuses against women’s rights defenders, but government officials and those who are supported by local authorities have also been implicated in committing human-rights abuses against women’s rights defenders.682 According to experts interviewed by Amnesty International, the current legal framework in Afghanistan offers adequate protection for women’s rights defenders, but there is a “systematic failure of the state to implement its own laws.”683 According to Ghani, one of the challenges to enforcement of the rule of law, particularly as related to the protection of women, is that “ninety percent of our police are fighting terrorists.”684
ECONOMIC CONTENTS

Key Events 159
Economic Profile 160
Banking and Finance 165
U.S. Economic-Support Strategies 169
Agriculture 173
Essential Services and Development 175
Transportation 178
Economic Growth 179
Education 180
Health 182
As of March 31, 2015, the U.S. government has provided nearly $31.9 billion to support governance and economic and social development in Afghanistan. Most of these funds were appropriated to USAID’s Economic Support Fund (ESF). The Consolidated and Further Continuing Appropriations Act, 2015, provided an additional $900 million for the ESF, bringing the cumulative total to $18.6 billion. Of this amount, $16.3 billion has been obligated and $13.1 billion has been disbursed. The $900 million appropriated to the ESF in FY 2015 is an increase from the $852 million provided in FY 2014, but is a substantial reduction from the high of $3.3 billion appropriated to the fund for FY 2010.685

KEY EVENTS
This quarter saw several developments that could affect Afghanistan’s economic and social prospects:

• Secretary of State John Kerry and President Ghani announced a “New Development Partnership”—a five-year plan to promote Afghan self-reliance by using up to $800 million in U.S. aid to incentivize Afghan solutions to specific development challenges and measure Afghan-led reform and development activities.686

• The U.S. Treasury signed an economic-cooperation framework agreement to develop technical assistance and capacity-building programs for Afghanistan’s Ministry of Finance (MOF) to strengthen Afghanistan’s public financial management systems and oversight of its financial sector.687 This is the first formal Treasury assistance program in Afghanistan since August 2013.688

• Domestic revenues collected in Afghan fiscal year (FY) 1393 (December 22, 2013–December 21, 2014) ended 35% below MOF budget targets, and 9.9% below actual collections in FY 1392.689

• Afghanistan’s Wolesi Jirga (lower house of parliament) approved the FY 1394 national budget (December 22, 2014–December 21, 2015).690 It totals $7.65 billion, a 1.8% increase over FY 1393.691

• The International Monetary Fund (IMF) reached a nine-month, staff-level agreement with the Afghan government to monitor the implementation of Afghanistan’s macroeconomic policies and structural reform agenda.692
ECONOMIC PROFILE

Afghanistan’s real growth in gross domestic product (GDP), excluding opium, has slowed significantly over the last year, from an estimated 3–4% for 2013 to a World Bank-projected 1.5% in 2014 due to increasing political and security uncertainties that year. This has led to a slump in investor and consumer confidence, which is expected to continue through at least the first half of 2015. With foreign direct investment already in decline, continued insecurity, instability, and systemic corruption will further negatively affect private investment and dampen growth.693

Afghanistan’s Fiscal Crisis

In December 2014, the Afghan government reported a fiscal crisis,694 two months after reporting a $537 million FY 1393 budget shortfall.695 The MOF reported that in FY 1393, total domestic revenues—tax and non-tax revenues, and customs duties—missed targets by $602 million (-35%), and fell by approximately $187 million from the same period in FY 1392 (-9.9%).696 Domestic revenues paid for only 33% or $1.7 billion of Afghanistan’s total budget expenditures of $5.2 billion in FY 1393, with donor contributions making up the difference. Afghan government expenditures in FY 1393 increased 9.2%, compared to FY 1392.697

The State Department said the Afghan government carried over some arrears from FY 1393 and could face similar budget shortfalls in FY 1394.698 Afghanistan has one of the lowest rates of domestic revenue collection in the world, averaging 9% of GDP from 2006 to 2013, compared to an average of around 21% in low-income countries, according to the IMF.699

Expenditures are expected to continue rising—to 30.5% of GDP in FY 1395 (2016) versus 27.3% in FY 1393, according to World Bank projections—largely due to increased spending on security, service delivery, essential infrastructure, and operations and maintenance (O&M).700 The fiscal gap is large and growing, as depicted in Figure 3.27. Donor assistance narrows this gap, but does not close it.

Lost Customs Revenue

The MOF recorded $396.7 million in customs duties collected in FY 1393; $91.3 million less than in FY 1392 and $255.3 million less than the budget target of $622 million.701 USAID said the scope of customs revenue lost to corruption is unknown, with no reliable estimates.702 The State Department said the U.S. government has largely lost the ability to monitor and assess Afghanistan’s customs-collections processes due to ongoing reductions in U.S. civilian and military personnel. The U.S. Embassy Kabul also has no direct oversight of Afghan customs training facilities or of training and operations at Afghanistan’s National Customs Academy.703

Tolo News reported Afghanistan Customs Department (ACD) data could be off by up to $1 billion704—about 4.8% of the country’s GDP.705 Illustrating

the problem of Afghan government agencies’ not having accurate trade data. President Ghani told a U.S. audience in March 2015 that Afghanistan’s Central Statistics Organization (CSO) reported imports from Pakistan at $800 million, while Pakistan told Afghan authorities that the value of their exports to Afghanistan was $2.5 billion.\textsuperscript{706} USAID’s Afghanistan Trade and Revenue (ATAR) project supported the implementation of an agreement between the CSO, ACD, and Export Promotion Agency of Afghanistan to reduce discrepancies in trade statistics.\textsuperscript{707}

This quarter, the Herat Chamber of Commerce accused the provincial customs office’s mobile monitoring units of corruption and smuggling for allowing the illegal importation of products that forced the shutdown of
local factories. Tolo News reported that Herat’s Attorney General’s Office said the investigative documents for five smuggling cases disappeared.\textsuperscript{708} In December 2014, President Ghani dismissed the head of Herat’s customs department, and ordered investigations into him and the commercial-goods section of his staff.\textsuperscript{709}

**Donor Funds Alleviate the FY 1393 Fiscal Gap**

Despite a State Department report that found Afghanistan made no significant progress toward meeting the minimum requirements of fiscal transparency in 2014, and that Afghan revenue data are unreliable,\textsuperscript{710} last quarter the United States provided the Afghan government $100 million to partially alleviate its reported $537 million FY 1393 budget shortfall. Of the $100 million provided, $75 million was disbursed for Afghan actions already taken: the signing of the Bilateral Security and Status of Forces Agreements, and President Ghani’s decision to reopen the Kabul Bank case.\textsuperscript{711} The remaining $25 million was disbursed even though the Afghan government provided only a limited response to Ambassador P. Michael McKinley’s request for “appropriate documentation showing how the aforementioned $75 million in assistance is spent.”\textsuperscript{712}

State informed SIGAR that two of the conditions on the $25 million that SIGAR had reported in its January 2015 Quarterly Report to the United States Congress—parliamentary passage of a realistic budget and formal establishment of an IMF Staff Monitoring Program—were only preliminary.\textsuperscript{713} State said Afghanistan met two final conditions for the release of the money: (1) access for key U.S. Embassy Kabul staff to the Afghanistan Financial Management Information System (AFMIS), the country’s government-wide accounting system, and (2) written confirmation that the Afghan government was taking steps towards awarding a new contract for satellite bandwidth for civil aviation.\textsuperscript{714}

**Fiscal Year 1394 Budget Approved**

The Wolesi Jirga, Afghanistan’s lower house of parliament, approved the FY 1394 national budget (December 22, 2014–December 21, 2015) on January 28, 2015.\textsuperscript{715} The $7.65 billion budget—a 1.8% increase over FY 1393—includes $4.97 billion for the operating budget and $2.68 billion for the development budget. Budget expenditures will focus on security (44% of the total budget), infrastructure (16%), education (13%), agriculture (10%), and health (4.2%).\textsuperscript{716}

The FY 1394 budget projected domestic revenues to reach approximately $2.2 billion, about 30% more than collected in FY 1393. To accomplish this, the budget document stated that parliament would need to raise tax rates and customs duties, which will require relevant laws to be amended. Additionally, the budget assumed a 9% GDP growth rate in FY 1394 even though growth in FY 1393 was revised down to 1.9%.\textsuperscript{717} Afghanistan has...
ECONOMIC AND SOCIAL DEVELOPMENT

repeatedly missed budget targets and these estimates may be difficult to realize. The World Bank called the previously proposed budget’s revenue projections “ambitious” and stressed the importance of credible projections, “backed by adequate measures.” The FY 1394 budget cut the discretionary portion of the development budget by 43% compared to FY 1393. State said Afghan officials have repeatedly assured U.S. officials that no new discretionary development spending will be initiated this fiscal year. However, even with expenditure restraints and urgent donor financing, the World Bank expected the residual FY 1393 fiscal gap to leave the government in arrears and with depleted cash reserves for FY 1394, requiring even more fiscal help.

International Monetary Fund Staff Monitored Program Approved

On March 20, 2015, the IMF announced it had reached terms on a nine-month Staff Monitored Program (SMP) agreement with the Afghan government. This informal agreement, whose details were still under negotiation at the time of the announcement, allows for IMF staff to monitor the implementation of Afghanistan’s macroeconomic policies and structural reform agenda in 2015. Treasury said an SMP reflects the IMF’s limited confidence in the government’s willingness and/or ability to meet its commitments to a formal program. Ambassador McKinley wrote the MOF in December 2014, indicating that an approved SMP would help maintain the U.S. government’s ability to disburse future funding. Treasury said the ultimate purpose of an SMP is to qualify for a formal IMF program with access to potential financing. SMPs do not entail financial assistance or endorsement by the IMF Executive Board, but provide an opportunity for the IMF staff to work with a country’s authorities to see if they are willing and able to keep their commitments to carry out an IMF-prescribed program and establish a positive track record. Treasury views the ability of Afghanistan’s economic policies and management capability to pass the IMF’s quality test as much more important than any financing it will receive from the IMF. Successful completion of an SMP gives the IMF staff confidence that the national authorities will meet their obligations under a more formal program.

Donor grants are expected to finance approximately $5.3 billion of Afghanistan’s $7.65 billion FY 1394 national budget. Of the donor grants, approximately $2.8 billion will go toward the operating budget and $2.5 billion will go toward the development budget. Source: MOF, National Budget Document, 1394 Fiscal Year, 1/28/2015.
government must reestablish its credibility before beginning a new formal program. Treasury added that the U.S. government and other donors intend to work with the national-unity government, hoping to improve Afghanistan’s capability as a strategic partner.

**Trade**

During President Ghani and Chief Executive Officer Abdullah’s visit to Washington, DC, in March 2015, the Office of the United States Trade Representative and the Afghan government announced their intention to hold a Trade and Investment Framework Agreement council meeting this year to improve cooperation and enhance opportunities for trade and investment. The United States imported $63 million worth of Afghan goods in 2014, while exporting approximately $782 million in goods to Afghanistan.

During this visit, President Ghani said his goal was for Afghanistan to become a transit and trade hub for regional economic integration. In line with this vision, Afghanistan continued its efforts to enhance regional economic and commercial cooperation this quarter. Afghan and Tajik officials met March 10–11, 2015, to review a draft trilateral transit trade agreement with Pakistan; a trilateral working group met in Dushanbe on April 9 to help finalize the details. Additionally, Afghanistan was offered duty-free export access to India’s market under the South Asia Free Trade Area. Also this quarter, Afghanistan will reportedly join the Transport Corridor Europe Caucasus Asia as part of its efforts to broaden its trade and economic development. Afghanistan was invited to join in 2005, but delayed its ratification for 10 years. Finally, a new trilateral transit agreement that will open up Iran’s Chabahar port for Afghan and Indian trade is reportedly in the final stages of review.

**Export and Import Data**

Trade-related taxes represented 45% of Afghanistan’s total tax revenues from 2006 to 2013. Although Afghanistan routinely sustains a large trade deficit, donor aid helps the country maintain a current account balance of 4.1% of GDP. Without it, the IMF estimates Afghanistan would have a current account deficit equivalent to 41% of its GDP.

During 2011–2014, Afghanistan exported $3 billion–3.3 billion worth of goods and services annually, not including illicit narcotics, according to IMF estimates. The World Bank said Afghanistan exports only a small number of products and has few trade partners, making it highly dependent on a few commodities for earnings, and consequently more vulnerable to unstable prices and trade shocks.

The IMF projected Afghanistan’s 2014 imports at more than $11 billion of goods and services, with more than $8 billion paid for by official donor grants. Treasury has projected Afghanistan’s real import capacity, without a significant foreign presence driving demand, at less than $2 billion annually,
excluding illicit narcotics revenues. Treasury said that without high levels of external assistance, import levels will decline, but the extent will depend on the demands of the foreign presence, Afghanistan's import needs once foreign-driven demand declines, and the required level of external assistance necessary to sustain healthy economic activity and growth. Reduced imports will not necessarily affect the economy adversely.\footnote{182}

**Afghanistan Trade and Revenue Project**

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursement, as of 3/31/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan Trade and Revenue</td>
<td>11/7/2013</td>
<td>11/6/2017</td>
<td>$77,754,267</td>
<td>$21,775,243</td>
</tr>
</tbody>
</table>

Source: USAID, response to SIGAR data call, 4/9/2015.

USAID's top priority for economic growth this quarter is its Afghanistan Trade and Revenue (ATAR) project, a trade-facilitation program designed to (1) improve trade liberalization policies, including support for Afghanistan's accession to the World Trade Organization (WTO); (2) improve and streamline the government's ability to generate revenue by modernizing Afghanistan's customs institutions and practices; and (3) facilitate bilateral and multilateral regional trade agreements.\footnote{183} This quarter, ATAR collected preliminary 2014 import, export, and revenue data from the Afghan Customs Department (ACD); the data showed imports rose 2–3%, but revenue collected by the ACD decreased 8.3%. The ACD recorded re-exports of foreign goods in their domestic export valuations, which must be removed and recalculated. ATAR also helped traders secure $3.6 million in deals at an international carpet exposition in Germany, while also helping traders secure a potential $12 million in marble, onyx, and lapis lazuli deals at an event in India.\footnote{184} ATAR also sponsored a trademark-awareness workshop for Afghan traders and Ministry of Commerce and Industries staff. It aimed to help create a more cooperative environment between the government and traders in order to discuss and solve trade-related problems.\footnote{185}

**BANKING AND FINANCE**

Less than 10% of the Afghan population uses banks; approximately 90% of financial transactions go through the informal *hawala* system. The State Department reported that there is no clear division between the hawala and formal banking systems—hawaladars keep bank accounts and use wire-transfer services, while banks use hawalas to transmit funds to remote areas in Afghanistan. To date, no Afghan money-service business or hawaladar has ever submitted a suspicious-transaction report to the government, as required under Afghan law, according to Afghanistan's financial intelligence unit.\footnote{186}
United States Treasury Assistance Agreement Signed

On March 23, 2015, U.S. Treasury Secretary Jack Lew agreed to develop technical assistance and capacity-building programs for Afghanistan’s MOF. Treasury’s Office of Technical Assistance will aim to strengthen Afghanistan’s public financial management systems (budgets, cash, revenue, pensions, liability and risk, national and sub-national relations), enhance oversight of its financial sector (banking, auditing, capacity, regulations). Treasury will also provide technical assistance to Afghanistan’s Financial Intelligence Unit to build core function capacity and raise awareness of its AML/CFT responsibilities. It intends to do so through intermittent missions to Afghanistan, remote support, and training in a third country.

Money Laundering

The State Department lists Afghanistan as a major money-laundering country whose financial institutions either engage in, or are vulnerable to, transactions involving significant criminal proceeds, all of which “continue to pose serious threats to the security and development of Afghanistan.” Narcotics, corruption, and contract fraud are major sources of the country’s illegal revenues and laundered funds. Afghanistan has weak or nonexistent supervisory and enforcement regimes, and weak political will to combat corruption. Treasury warned that if Afghanistan fails to aggressively enforce anti-money laundering/antiterrorist financing laws, its banking system will become isolated from the rest of the world and be unable to provide key financial services.

SIGAR SPECIAL PROJECT

In 2012, SIGAR issued a Special Project report about U.S. efforts to track and safeguard U.S. cash in Afghanistan, including the implementation of bulk currency counters at Kabul International Airport, and other measures designed to monitor to outflows of currency. SIGAR found that cash counters at the Kabul airport were not being used for their intended purpose and VIPs continue to bypass key controls. For more information, see SIGAR-SP-13-1, Anti-Corruption Measures: Persistent Problems Exist In Monitoring Bulk Cash Flows At Kabul International Airport.

Anti-Money Laundering/Countering the Financing of Terrorism Legislative Deficiencies

Afghanistan’s central bank reported approximately $3.7 million in cash left Afghanistan through Kabul International Airport in 2014 and approximately $83,200 left through the airport in Mazar-e-Sharif. While it is illegal to take more than $20,000 out of the country, Afghan law does not require citizens to report outbound currency. State reported that cargo is often exempted from any screening or inspection due to corruption at the official border crossings and customs depots; most border areas are under-policed or not policed at all. Moreover, Kabul International Airport lacks stringent inspection controls for all passengers and includes a VIP lane that does not require these passengers to undergo any inspections or controls.

Even though Afghanistan has taken steps to improve its AML/CFT regime, its laws are still not in line with international standards, lacking clarity and effectiveness, according to a State Department report. State said that while the government has frozen bank accounts owned by some hawala networks, no bank accounts have been seized, and there is no legal mechanism for asset sharing. The report recommended that Afghanistan continue to work to criminalize money laundering and terrorism financing.
implement a framework for identifying, tracing, confiscating and freezing terrorist and money laundering-related assets; train and resource legal authorities to better understand and carry out their oversight and investigative duties; enhance the financial intelligence unit, Financial Transactions and Reports Analysis Center of Afghanistan; and strengthen controls for cross-border cash transactions.752

The U.S. Department of Justice (DOJ) has three training courses that focus on Afghanistan’s AML/CFT laws, and on international asset tracking. The courses were first offered to Afghan representatives in November 2014 and then offered to a broader audience within the attorney general’s office in February 2015. In March 2015, the acting attorney general requested that this training be provided to Afghan prosecutors, who the DOJ said appear to have limited knowledge of these laws.753

Financial Action Task Force

The Asia/Pacific Group on Money Laundering (APG), of which Afghanistan is a member, met with Afghan central bank officials in Sydney, Australia, January 12–14, 2015, to discuss Afghanistan’s implementation of its Financial Action Task Force (FATF) action plan to: adequately criminalize money laundering and implement procedures for the confiscation of money laundering-related assets; establish and implement an adequate legal framework for identifying, tracing, and freezing terrorist assets; implement an adequate AML/CFT oversight program for all financial sectors; and establish and implement effective controls for cross-border cash transactions. APG is an associate member of FATF. The meeting focused on financial sanctions, supervision of its financial institutions, operation of its financial intelligence unit, and prosecutions of money laundering and terrorist financing. The APG commended Afghanistan’s progress.754

Separately, Afghanistan also met with some members of FATF on January 14 to discuss its progress. The outcome of the Sydney meetings helped determine the Afghanistan report that FATF considered at its February 2015 plenary.755 FATF chose to keep Afghanistan on its Improving AML/CFT Global Compliance document, also known as the “gray list.” This means that while Afghanistan has strategic AML/CFT deficiencies, its government has developed an action plan, written a high-level political commitment to address those deficiencies, and is making progress. This is the third consecutive plenary in which Afghanistan has maintained this status since being downgraded to the “dark-gray” list in February 2014.756

Treasury said Afghanistan has managed to avoid FATF’s “blacklist” by addressing some of the FATF’s technical requirements in its action plan. For example, Afghanistan enacted AML and CFT laws, which the FATF determined are largely adequate, even though questions remain on the extraterritorial scope of the law’s money-laundering offense. (The FATF requirement for criminalization of money laundering requires

Afghanistan has been subject to FATF’s public listing (evaluations) and monitoring process since June 2012.


The U.S. Treasury and the FATF

Treasury leads the U.S. delegation to the FATF and participates closely in all of the working group discussions. Specifically, within the FATF, the International Cooperation Review Group (ICRG)—co-chaired by the United States and Italy—is tasked with leading the process to identify and monitor countries with AML/CFT deficiencies. Afghanistan was one of over 20 countries the ICRG reviewed at the most recent FATF plenary in February 2015. Before each ICRG meeting, Treasury reviews the information provided by the monitored countries, including laws or regulations, other legal instruments, and supporting materials, and then discusses with other agencies in the U.S. delegation what action(s) should be taken at the FATF on the identified countries of concern.

that predicate offense should extend to conduct that occurs abroad.) Afghanistan also issued regulations on the process and legal framework for freezing terrorist assets, but still needs to finalize a procedural document to adequately demonstrate implementation of United Nations (UN) Security Council Resolutions 1267 and 1373 calling for an asset freeze on designated individuals.757

Other issues Treasury raised that require redress include the requirement in Afghanistan’s draft banking law that prospective bank owners be deemed “fit and proper.” The law contains an ambiguous provision for anyone “convicted by an authorized court of an offense for which he was sentenced to imprisonment unless such sentence was motivated by his religious or political views or activities” (emphasis added). Afghanistan also needs to put in a regulatory framework to implement a cross-border system to detect transportation of currency related to money laundering and terrorist financing. Afghanistan’s financial-intelligence unit has been working with Afghanistan’s customs department to further develop the reporting mechanism. Treasury added that Afghanistan will remain under FATF review (on the gray list) until those remaining actions are adequately addressed and the FATF conducts an onsite review to evaluate that implementation of its reforms have begun.758

Kabul Bank Theft Accountability

In one his first official actions upon being sworn into office in October 2014, President Ghani directed Afghan government officials to immediately reopen the Kabul Bank case, recover stolen funds, and hold accountable those involved in the theft of $982.6 million.759 However, this quarter, a “pardon committee” that was established as a byproduct of a decree by former President Karzai attempted to reduce the prison sentences of ex-Kabul Bank chairman Sherkhan Farnood and ex-CEO Khalilullah Ferozi.760 In a meeting with DOJ this quarter, Afghanistan’s acting attorney general indicated that he had stopped the pardon as soon as he learned of it and that the pardon was no longer in effect. The attorney general told DOJ that neither offender would receive reduced prison sentences, that he fired the head of the pardon committee, and that an investigation had been initiated into members of the pardon committee to determine whether they acted under a legitimate misunderstanding of the presidential order or had been paid off. The investigation remains open and no charges have yet been filed.761

On March 3, 2015, the attorney general’s office announced the arrest of Sofi Nesar Ahmad, the former deputy head of Afghanistan’s central bank and owner of 1.7% of Kabul Bank’s stock. Sofi, who had fled Afghanistan after being convicted and sentenced to a year in jail for his role in the theft of funds and near-collapse of Kabul Bank, appeared at the attorney general’s office this quarter to discuss the proceedings against him. Beyond this individual case, the attorney general told DOJ that all known debtor accounts
and assets identified by the Kabul Bank Receivership—which attempts to recover and tender bad loans and other assets—had been frozen or seized.  

**Cash and Asset Recoveries**

In February 2015, the Kabul Bank Receivership informed DOJ that they collected an additional $40 million, but did not specify where the money came from or over what time period it was collected. Total recoveries—cash paid back, forgiven debts, and assets recovered or seized—reportedly stand at $227.9 million, as of December 2014.  

President Ghani was reportedly told in a March 31, 2015, meeting with Kabul Bank investigators that since the court’s November 2014 verdict, six debtors agreed to repay their debts, totaling $72 million. DOJ said it cannot confirm these figures without an independent audit, and the Receivership declined to be more specific.

The Receivership said it needs additional political support to identify more properties and assets, and international assistance in seizing or freezing those assets. The Receivership said its primary challenge in recovering cash and assets is inadequate pressure the borrowers feel to pay back their debts. According to DOJ, this is likely due to so many of them having significant political ties or allies, as well as unfilled Cabinet positions with officials serving in a “acting” capacity who lack influence, will, or authority to exert the necessary pressure. The Receivership believes that once the palace-brokered repayment agreements and settlement terms are finalized, borrowers will begin to repay their loans.

**Central Bank Branch Theft**

The Spin Boldak branch of Afghanistan’s central bank in Kandahar was robbed this quarter. A manager and two employees allegedly stole between $872,000 and $1.4 million before fleeing to Pakistan, according to news reports; central bank officials have not confirmed that information.  

*Tolo News* reported that five bank branch officials who allegedly assisted the theft were arrested.

**U.S. Economic-Support Strategies**

On March 23, 2015, Secretary of State John Kerry and President Ghani announced an $800 million “New Development Partnership,” (NDP) a plan to promote Afghan self-reliance over five years to incentivize Afghan solutions to specific development challenges and measure Afghan-led reform and development activities. It aims to “strengthen Afghan institutions,
sustainability, and fiscal transparency, and give the new unity government more opportunity to lead its own development trajectory.\textsuperscript{769} This money will come from previously budgeted or requested funds.\textsuperscript{770}

The State Department said this partnership will use U.S. aid to significantly expand and enhance the strategic effects of the existing U.S. bilateral incentive program under the Tokyo Mutual Accountability Framework, which has focused on short-term policy actions. Incentives must still be negotiated with the Afghan government. USAID will oversee NDP funding, which will be disbursed through the ARTF “only after agreed reforms or development results have been accomplished, as measured by clear and objective indicators of achievement.”\textsuperscript{771}

**USAID Development Assistance**

Most assistance from the Economic Support Fund (ESF) goes toward USAID’s development programs. Figure 3.28 shows USAID assistance by sector.

**FIGURE 3.28**

**USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF MARCH 31, 2015**

($ MILLIONS)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Cumulative Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>3,901</td>
</tr>
<tr>
<td>Stabilization</td>
<td>1,994</td>
</tr>
<tr>
<td>Governance</td>
<td>1,855</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1,037</td>
</tr>
<tr>
<td>Unpreferenced*</td>
<td>2,349</td>
</tr>
<tr>
<td>Economic Growth</td>
<td>977</td>
</tr>
<tr>
<td>Health</td>
<td>913</td>
</tr>
<tr>
<td>Education</td>
<td>769</td>
</tr>
<tr>
<td>Program Support</td>
<td>359</td>
</tr>
</tbody>
</table>

Note: Numbers rounded. Agriculture programs include Alternative Development. Infrastructure programs include Power and Roads. *Unpreferenced funds are U.S. contributions to the ARTF that can be used for any ARTF-supported initiatives.


**Development Of Natural Resources**

The newly appointed Minister of Mines and Petroleum, Dr. Daud Saba, announced this quarter that the majority of mining contracts would be re-assessed due to a lack of transparency in the award process.\textsuperscript{772} It is unclear how this may affect already negotiated, but still-unsigned contracts, which could cause further investor uncertainty. For a list of contracts awaiting final Cabinet approval, see page 161 in the January 2015 *Quarterly Report to the United States Congress*.

The World Bank believes development of Afghanistan’s natural resources can underpin future economic growth in the face of declining external aid,
although mining has so far contributed only a small share of the country’s GDP. But it is uncertain when revenues generated from this sector may be realized because of a lack of infrastructure financing as well as weak Afghan progress on regulatory and legislative frameworks. Although the Afghan budget projected annual mining revenues of $13 million, in FY 1393 (2014), actual receipts were only about $7 million in royalties and fees. The FY 1394 budget forecasts government expectations of $35 million in mining revenues, although there have been no developments to suggest revenues are likely to increase this year over last.

**Impediments to Investment**

Afghanistan’s lack of security overshadows all other constraints on investment, according to the World Bank. USAID said mining regions are remote and often located in insecure areas that may be littered with land mines and unexploded ordnance. Corruption, an uneducated workforce, lack of labor safety practices, and crude extraction methods are also inhibiting factors. USAID cited other issues that create investor uncertainty: regulations to support implementation of the new mining law passed in November 2014 are still being developed; amendments to the law remain unsigned by President Ghani, as do several mineral tenders; and a combination of corporate income taxes, export and import duties, production royalties, and other charges that constitute an uncompetitive levy of about 80% on mineral production.

**Illegal Mining**

The use of violence by the Taliban and other insurgent groups to generate revenue by illegally extracting or obtaining Afghanistan’s natural resources denies the Afghan people their share of revenue from those stolen resources. The UN reported in February 2015 that “Taliban penetration of the natural resources sector is deep and extortion in that sector is fairly pervasive.” In one case, a government-licensed mining operation ceased operations after being threatened with violence simultaneously by the Taliban, the Haqqani Network, and Hizb-I-Islami (led by Golbuddin Hekmatyar) unless the company paid them and not the government. The Taliban are involved in illegal mining in three ways: extraction (they control at least 35 active onyx marble operations), extortion (threatening or committing violence if not paid off), and as service providers (security, transport, and smuggling).

**Mining Investment and Development for Afghan Sustainability**

This quarter, USAID’s five-year, $50 million Mining Investment and Development for Afghan Sustainability (MIDAS) program continued its technical assistance to the Ministry of Mines and Petroleum (MOMP) in tender

---

**SIGAR AUDIT**

In an audit published this quarter, SIGAR examined the extent to which the Task Force for Business and Stability Operations (TFBSO) and USAID programs met their goals and addressed challenges to develop Afghanistan’s extractives industry. The audit found the U.S. government did not have a unified strategy to develop the extractives industry, and the U.S. Embassy Kabul did little to coordinate interagency activities. It also found deficient capacity at the MOMP to manage the contracting process without external support, and a lack of planning to sustain TFBSO extractive initiatives. It also determined that USAID’s MIDAS program identifies areas in need of assistance, articulates a strategy for mineral sector development, and lays out a clear set of criteria for selecting potential areas of investment by USAID. The results found in this audit will be the focus of a subsequent report. For more information, see Section 2, page 25.
processes, contract negotiations, and contract management. MIDAS is also guiding the MOMP and parliament on adopting investor and environmentally-friendly laws and regulations, in line with international best practices. MIDAS has been also assisting MOMP and Afghan Geological Survey staff with mineral exploration and drilling, and enhancing their abilities to produce technical reports and 3-dimensional ore deposit models, as well as to deliver tender-ready mineral projects to the MOMP. MIDAS moved $10 million this quarter from on-budget funding to an off-budget contract for core sample drilling services on three, high-value mineral sites—tantalum in Salang Valley, molybdenum in Saighan, and granite in Bamiyan. This quarter, MIDAS advisors also completed the English translation of the new minerals law, while supporting MOMP efforts to draft technical and financial regulations to implement the new law, including minerals ownership, tenders, licenses, royalties, fees, and penalties.

USAID is waiting for a permanent MOMP procurement director, certification that the procurement directorate is capable of performing high-dollar-value contracting activities, and an updated third-party assessment of the MOMP’s internal controls and financial management issues. The most recent audit that USAID is relying on is from 2011. Until the new assessment is complete (scheduled for May 2015), USAID will identify additional conditions precedent before it administers on-budget funding. MIDAS and USAID’s other extractives assistance programs are listed in Table 3.26.

**Hydrocarbons**

Afghanistan’s efforts to develop its oil and gas reserves focus on the Amu Darya Basin and Afghan-Tajik Basin, both in northern Afghanistan. Afghanistan has only small-scale topping plants—early-stage refineries that can process only limited petroleum components of crude oil—and remains heavily dependent on imports for fuels. The country imports 10,000 tons of oil products a day from Turkmenistan, Uzbekistan, Russia, Pakistan, and Iran.

**Sheberghan Programs**

Sheberghan holds the potential for cheap natural gas-generated power that could be competitive with imported power from Uzbekistan, according to the World Bank. USAID is supporting the Sheberghan project to help Afghanistan identify and manage gas resources to be used for power generation through two mechanisms: (1) the $90 million, on-budget Sheberghan Gas Development Project (SGDP) to rehabilitate and drill wells in the Amu Darya Basin, and fund a gas-gathering system and gas-processing plant; and (2) the $35 million, off-budget Sheberghan Gas Generation Activity (SGGA) for capacity building and technical assistance to the MOMP. Last quarter, SIGAR reported the drilling contractor for SGDP, Turkish Petroleum Corporation, informed the MOMP it is behind schedule and
will not begin drilling until May 2015—taking almost twice as long as the contract stipulated.790 This quarter, USAID said it agreed to an August 2015 completion date with no more extensions to be granted. No disbursements have been made yet for this on-budget portion of the program because the contractor is still mobilizing and shipping equipment into the country. The off-budget capacity-building portion continued, but faced challenges this quarter. A new MOMP minister was hiring new staff, including a new gas sector development committee, which USAID hopes will be more effective than the previous one.791

**AGRICULTURE**

Agriculture continues to be the main source of employment and subsistence for the Afghan population, accounting for 31% of GDP, according to the World Bank, and employing about 59% of the labor force.792 Between FY 2002 and FY 2013, USAID obligated approximately $1.25 billion to improve agricultural production and increase access to markets, and $1.38 billion to develop income alternatives to growing poppy.793 Pages 118–125 of this quarterly report discuss USAID’s alternative-development programs.

USAID reported that it is extending the Commercial Horticulture and Agricultural Marketing Program (CHAMP) and Agricultural Credit Enhancement (ACE), as well as taking over two U.S. Department of Agriculture efforts—the Afghan Agricultural Extension Program (AAEP) and the Capacity Building and Change Management Program (CBCMP), which aim to build capacity at the Ministry of Agriculture, Irrigation, and Livestock (MAIL).794 A list of all active USAID agriculture programs are found in Table 3.27 on the next page.

USAID said its Office of Acquisition and Assistance (OAA) revised its contracting officer’s representative (COR) designation letters, emphasizing the need for CORs to play a central role in the multi-tier monitoring approach, ensuring that U.S. government personnel verify activities at all times, and helping ensure oversight effectiveness. OAA also started issuing letters to activity managers this quarter to strengthen U.S. government

---

**TABLE 3.26**

**USAID EXTRACTIVES ASSISTANCE PROGRAMS**

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 3/31/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheberghan Gas Generation Activity</td>
<td>12/21/2011</td>
<td>7/31/2016</td>
<td>$30,440,958</td>
<td>$19,400,618</td>
</tr>
<tr>
<td>Sheberghan Gas Development Project</td>
<td>5/15/2012</td>
<td>4/30/2015</td>
<td>90,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Mining Investment and Development for Afghan Sustainability</td>
<td>3/31/2013</td>
<td>3/20/2016</td>
<td>50,096,175</td>
<td>15,818,556</td>
</tr>
</tbody>
</table>

Source: USAID, response to SIGAR data call, 4/9/2015.
ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.27

USAID ACTIVE AGRICULTURE PROGRAMS

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 3/31/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan Agriculture Extension Project II (AAEP-II)</td>
<td>10/1/2014</td>
<td>9/30/2017</td>
<td>$19,814,702</td>
<td>$1,147,103</td>
</tr>
<tr>
<td>Agriculture Credit Enhancement (ACE)*</td>
<td>7/15/2010</td>
<td>2/25/2015</td>
<td>$75,175,296</td>
<td>72,346,632</td>
</tr>
<tr>
<td>Digital Integration to Amplify Agriculture Extension in Afghanistan (DIAEA)</td>
<td>11/30/2014</td>
<td>11/29/2015</td>
<td>$391,000</td>
<td>0</td>
</tr>
<tr>
<td>Incentives Driving Economic Alternatives-North, East, and West (IDEA-NORTH)</td>
<td>3/2/2009</td>
<td>9/30/2015</td>
<td>$159,878,589</td>
<td>150,702,887</td>
</tr>
<tr>
<td>Strengthening Afghan Agricultural Faculties (SAAF)</td>
<td>3/25/2011</td>
<td>12/31/2016</td>
<td>$7,824,209</td>
<td>6,236,596</td>
</tr>
<tr>
<td>Regional Agricultural Development Program (RADP)-South</td>
<td>10/7/2013</td>
<td>10/6/2018</td>
<td>$125,075,172</td>
<td>22,279,151</td>
</tr>
<tr>
<td>Regional Agricultural Development Program (RADP)-North</td>
<td>5/21/2014</td>
<td>5/20/2019</td>
<td>$78,429,714</td>
<td>4,177,911</td>
</tr>
<tr>
<td>Regional Agricultural Development Program (RADP)-West</td>
<td>8/10/2014</td>
<td>8/9/2019</td>
<td>$69,973,376</td>
<td>3,532,601</td>
</tr>
<tr>
<td>[Project Name Not Specified]</td>
<td>9/12/2013</td>
<td>9/30/2018</td>
<td>$4,950,692</td>
<td>0</td>
</tr>
<tr>
<td>[Project Name Not Specified]</td>
<td>10/1/2013</td>
<td>9/30/2018</td>
<td>$26,606,514</td>
<td>0</td>
</tr>
<tr>
<td>[Project Name Not Specified]</td>
<td>12/16/2014</td>
<td>12/31/2016</td>
<td>$5,000,000</td>
<td>$5,000,000</td>
</tr>
</tbody>
</table>

Note: *ACE expired 2/25/2015.

Source: USAID, response to SIGAR data call, 4/9/2015.

oversight efforts. In addition, USAID uses third-party monitoring whereby the CORs and agreement officer’s representatives of projects can sign up for services such as field-based monitoring, evaluation, management information and reporting, and web content development, among others.795

Agricultural Credit Enhancement

The 55-month, $75 million ACE that expired in February 2015 supported Afghanistan’s Agriculture Development Fund (ADF), which provided credit across the agricultural value chain through banks, farm stores, leasing companies, and food processors. Much of this credit was then extended to farmers. ACE was the technical-assistance component that manages all ADF lending activities and helps build MAIL capacity.796

More than 234 loans valued at $106 million were extended to over 31,000 farm households and agribusinesses in 33 of Afghanistan’s 34 provinces with about $60 million disbursed. ACE reportedly met 16 of its 19 performance targets and transferred to MAIL, a fully operational financial institution with a growing portfolio, but it also faced an unwillingness of Afghan banking institutions to act as intermediaries for ADF funds, delays in USAID vetting, and the unavailability of functional Development Credit Authority facilities. ADF’s four-year portfolio cumulative default rate was 4.5%.797
Capacity Building and Change Management Program II
USAID’s three-year, $20 million CBCMP-II, which began in July 2014, works to build managerial and institutional capacity at the MAIL’s central, provincial, and district offices. The program aims to create more efficient, better-run government support to Afghanistan’s agricultural sector, especially from the district offices, which work directly with local farmers and herders. CBCMP will focus on the finance and accounting, monitoring and evaluation, and procurement and contracts directorates at central MAIL. CBCMP will also help the district offices prioritize, plan, budget, and secure resources to give farmers access to modern agricultural technology, and help provide useful agricultural and financial reporting to the central government and MAIL. USAID will also help MAIL shift its capacity-building efforts to the World Bank-funded Capacity Building for Results (CBR) Program.798 As of March 12, 2015, CBCMP-II has recruited 66 of 81 Change Management Specialists and has received used information technology equipment from USAID programs that are closing out.799

ESSENTIAL SERVICES AND DEVELOPMENT
Since 2002, the United States has provided reconstruction funds to increase electricity, build roads and bridges, and improve health and education in Afghanistan. This section addresses key developments in U.S. efforts to improve the government’s ability to deliver essential services such as electricity, transportation, health, and education.

Power Supply
Afghanistan has one of the lowest rates of electrification in the world, with only 25% of Afghans connected to the power grid—about the same proportion as those who live in cities.800 Afghanistan imports approximately 73% of its total electricity. Electricity imports are expected to rise in the near term, according to a recent World Bank report, which also noted that limited access to electricity is one of Afghanistan’s biggest constraints to private-sector development.801

New U.S.-Afghan Joint Regional Energy Working Group
On March 23, 2015, Secretary of State John Kerry announced establishment of a U.S.-Afghan Joint Regional Energy Working Group charged with exploring ways to support Afghanistan’s integration into regional energy markets. State, USAID, Treasury, and other relevant U.S. agencies will participate in this effort. President Ghani envisions this initiative will help turn Afghanistan into a hub where energy generated from Central Asia, and also increasingly from Afghanistan, will flow into South Asia.802

USAID hosted a U.S. government-Internal [interagency] Regional Energy Symposium, March 31–April 1, 2015, in Dubai. The symposium’s two

Current regional energy initiatives involving Afghanistan include the Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan transmission line that will enable power to be dispatched from Turkmenistan to Pakistan; the CASA-1000 transmission line project that will move electricity between Kyrgyzstan and Tajikistan, and from Tajikistan to Afghanistan and Pakistan; and the Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline, which will transport natural gas from Turkmenistan to these other countries.

ECONOMIC AND SOCIAL DEVELOPMENT

Objectives were to: (1) improve the understanding of the current Silk Road regional energy situation, the U.S. government’s current energy investments across the region, U.S. diplomatic efforts, and other key initiatives; and (2) gain consensus on where the U.S. government should invest declining funds for the most effective results and whether a strategic shift is needed.803

From 2002 through 2014, USAID alone obligated more than $2.7 billion to build generators, substations, and transmission lines, and provide technical assistance in the sector.804 In addition, the Department of Defense (DOD) has provided approximately $292 million for electricity projects through the Commander’s Emergency Response Program and roughly $1.1 billion through the Afghanistan Infrastructure Fund (AIF), which is jointly managed by DOD and State.805 For more information about the status of AIF programs, see pages 165–166 in the January 2015 Quarterly Report to the United States Congress.

Afghanistan’s two primary power systems are the Northeast Power System (NEPS) and the Southeast Power System (SEPS). USAID has three projects to connect and increase the electricity supply in both systems: (1) the Power Transmission Expansion and Connectivity (PTEC) project to construct a transmission line connecting Kabul with Kandahar and build the capacity of Afghanistan’s national electric utility, Da Afghanistan Breshna Sherkat (DABS), to sustain energy infrastructure investments; (2) the Sheberghan Gas Development Project (SGDP) to attract private investment to develop gas resources in Sheberghan and build power plants; and (3) the Kandahar-Helmand Power Project (KHPP), which includes installing a third turbine at Kajaki Dam and improving the transmission system connecting Kajaki with Kandahar.806 All of USAID’s active power infrastructure projects are listed in Table 3.28.

Kandahar-Helmand Power Project

The KHPP is intended to increase power supply and reliability in Kandahar and Helmand Provinces.807 All components of this project are closed out, except for a USAID technical-support services contract with Black and Veatch to assist DABS with its efforts to increase long-term sustainable hydropower from Kajaki Dam by installing a third turbine in the powerhouse.808

This quarter USAID said that the December 31, 2015, turbine-installation completion date must be extended. Transportation of equipment and materials during ongoing military operations has not met the contract schedule; DABS’s staffing levels are inadequate to meet management demands for the installation phase; and GFA Consulting Ltd., the construction management consultant to DABS, has shown weak project management. Yet DABS extended GFA’s contract by 15 months until February 29, 2016, and increased the contract’s budget by $21 million to $36 million. Payments to contractors have not been timely, and DABS faces challenges developing

**NEPS:** imports electricity from the Central Asian Republics to provide power to Kabul and the communities north of Kabul.

**SEPS:** draws most of its power from the Kajaki Dam and from diesel generators in Kandahar City to provide power in the Helmand and Kandahar areas.

the capacity to manage large-scale technical contracts. USAID affirmed the need for its continued support for capacity building.809

DOD has disbursed $136 million for diesel fuel since FY 2011 to run generators in Kandahar City through the Kandahar Bridging Solution while turbine-installation work at Kajaki Dam is under way. Fuel subsidies ($20 million obligated in FY 2014 funds alone) are scheduled to expire in September 2015.810 USAID said DABS is considering raising tariff rates to pay for diesel after DOD subsidies end, and relayed that to the Kandahar governor and community last year, but has faced difficulties convincing them.811

Power Transmission Expansion and Connectivity Program
The U.S.-funded PTEC program was designed to strengthen and expand the power-generation, transmission, and distribution systems, including funding the transmission line between Kabul and Kandahar to connect NEPS with SEPS.812 PTEC’s commercialization and capacity-building components aim to reduce technical and commercial losses.813 Construction has started on the transmission line and substations between Arghandi and Ghazni, the first segment of the NEPS-SEPS connector. To date, $17 million have been disbursed through DABS/MOF to PTEC contractors for this effort.814

In support of the second segment, Ghazni to Kandahar, $179.5 million was transferred from AIF to USAID.815 In addition, $300 million was deobligated from the Asian Development Bank (ADB)-administered Afghanistan Infrastructure Trust Fund and returned to PTEC because USAID felt ADB was not giving the project the priority to which it originally agreed.816 Instead, USAID provided a direct-assistance award to DABS, which could shorten construction time for the NEPS-SEPS transmission line by one year. USAID completed the design work for this segment of the transmission line

| TABLE 3.28 |

**USAID ACTIVE POWER INFRASTRUCTURE PROJECTS**

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 3/31/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kandahar-Helmand Power Project</td>
<td>12/9/2010</td>
<td>11/30/2015</td>
<td>$226,669,100</td>
<td>$224,010,474</td>
</tr>
<tr>
<td>Power Transmission Expansion and Connectivity</td>
<td>1/1/2013</td>
<td>12/31/2016</td>
<td>670,000,000</td>
<td>28,049,353</td>
</tr>
<tr>
<td>Contributions to the Afghanistan Infrastructure Trust Fund</td>
<td>3/7/2013</td>
<td>3/6/2018</td>
<td>285,170,184</td>
<td>105,000,000</td>
</tr>
<tr>
<td>Kajaki Dam Unit 2</td>
<td>4/2/2013</td>
<td>12/31/2015</td>
<td>75,000,000</td>
<td>18,424,853</td>
</tr>
<tr>
<td>Public Awareness Campaign to Increase Afghans’ Knowledge of Energy Development Programs</td>
<td>2/1/2014</td>
<td>1/31/2016</td>
<td>1,789,224</td>
<td>929,863</td>
</tr>
<tr>
<td>Utility Executive Exchange</td>
<td>9/30/2007</td>
<td>9/30/2017</td>
<td>698,555</td>
<td>698,555</td>
</tr>
<tr>
<td>Afghan Engineering Support Program</td>
<td>11/9/2009</td>
<td>11/8/2015</td>
<td>72,000,000</td>
<td>62,706,294</td>
</tr>
<tr>
<td>PEER Grants</td>
<td>7/25/2011</td>
<td>7/24/2016</td>
<td>133,492,138</td>
<td>5,440,647</td>
</tr>
</tbody>
</table>

Note: The Sheberghan Gas Generation Activity (SIGGA), Sheberghan Gas Development Project (SGDP), and Mining Investment and Development for Afghan Sustainability (MIDAS) programs, which are categorized under the power sector in USAID’s funding pipeline report, are listed in the extractive sector programs subsection on pages 170–173.

Source: USAID, response to SIGAR data call, 4/9/2015.
and five substations, including preparation of bid documents, and assisted on the tender announced February 9, 2015.\textsuperscript{817}

Whether a resulting PTEC contract will be approved by Afghanistan’s National Procurement Commission (NPC) is uncertain, USAID cautioned. The NPC, established by Presidential Decree #60 on February 20, 2015, replaced the Special Procurement Commission, through which all previous on-budget contracts went for Afghan government approval. As a result, USAID said program delays are possible.\textsuperscript{818} For additional information about the NPC, see page 136 in the Governance section of this report.

To help bridge the gap between Kandahar’s electricity generation capacity and demand until the NEPS-SEPS transmission line is completed, USAID said PTEC is funding a reverse auction whereby independent power producers will compete to construct and sell power to DABS from a solar power plant. This plant, expected to be operational by mid-2016, may be large enough to produce 10 megawatt output.\textsuperscript{819}

**TRANSPORTATION**

Afghanistan’s lack of transportation infrastructure hinders internal commerce, foreign trade, and economic growth. The World Bank said building the transportation sector is imperative for national economic development.\textsuperscript{820} Afghanistan’s transportation infrastructure shortcomings constrain the service and agriculture sectors, currently the leading contributors to GDP.\textsuperscript{821} They also hold back the mining industry, whose future revenues the Afghan government and international donor community are counting on to offset declining aid.\textsuperscript{822} This quarter, the United States continued its efforts to assist Afghanistan in developing the capacity of the Ministry of Transportation, and sustaining operations and maintenance.\textsuperscript{823}

**Roads**

While the United States has provided $2.36 billion cumulatively for road construction and O&M, and will spend about $5 million this year for O&M,\textsuperscript{824} the World Bank has said 85\% of Afghan roads are in poor shape and a majority cannot be used by motor vehicles.\textsuperscript{825} Afghanistan does not currently have sufficient funding and technical capacity to maintain its roads and highways, according to USAID.\textsuperscript{826} USAID’s active road construction and O&M programs are listed in Table 3.29.

**Road Sector Sustainability Project**

USAID’s Road Sector Sustainability Project (RSSP) helps the Ministry of Public Works strengthen its capacity to better fund and maintain Afghanistan’s roadway infrastructure. It has four main activities:\textsuperscript{827}

- **Activity 1**: Emergency O&M, which costs $5 million over 12 months. So far, $8,000 was spent on clearing mudslides.
ECONOMIC AND SOCIAL DEVELOPMENT

Activity 2: Technical assistance to the Ministry of Public Works for creation of a road authority and road fund, which costs $21.4 million for phase I; $14 million for phase II. A three-year contract for phase I began in August 2014. Afghan agencies created in phase I will need parliamentary approval before phase II (buildings, equipment, training) begins.

Activity 3: Capacity building for the Ministry of Public Works, which will cost $38 million. The statement of work is being developed based on a needs assessment that is under way. Parliamentary approval for Activity 2, phase I is needed before Activity 3 begins.

Activity 4: Transitional Incentives Funds for Road O&M, which will cost $33 million. USAID funding will go on-budget through the Asian Development Bank (ADB)-administered Afghanistan Infrastructure Trust Fund (AITF) once the ADB develops an O&M incentive window.

Gardez-Khowst Road Rehabilitation Phase IV
The four-phase, $233 million, 63-mile asphalt-paved highway project gives Khowst and Paktiya Provinces access to major trading routes to Pakistan, to Kabul, and to the Ring Road connecting Kabul, Kandahar, and Herat. It includes bridges, causeways, drainage structures, excavation, “river training” structures to control flow and sedimentation, and asphalt pavement. Three of the four phases are complete with 55 miles of road paved so far. The remaining road and bridge construction will commence soon (another bridge in Phase IV is already under way).

ECONOMIC GROWTH
As of March 31, 2015, USAID disbursed approximately $977 million for economic growth programs in Afghanistan.
Afghanistan Workforce Development Program

USAID’s four-year, $62.6 million, Afghanistan Workforce Development Program (AWDP) aims to offer access for 25,000 Afghan men (75% target) and women (25% target) to labor-market-driven vocational education and training, business-development support, business-management training programs, financial credit, and job-placement services. AWDP is trying to mitigate high unemployment and the scarcity of technically skilled Afghan labor and trained Afghan business managers. The goal of the program is to facilitate job creation, develop a skilled and semi-skilled workforce, increase self-employment, and promote economic recovery in Afghanistan.831

The AWDP is also supporting efforts to build the capacity of technical/vocational educators and trainers. AWDP seeks to improve the quality of these training programs through public-private partnerships, and make them more accessible. As of December 31, 2014, USAID reported more than 11,000 Afghans were trained and 6,700 were either placed in jobs or promoted in mid-career/semi-professional jobs. It is unknown if the program’s targets of almost 21,000 trained and 17,500 placed or promoted was reached by its April 2015 deadline. Afghanistan’s slowdown in economic activity will hurt the program. However, so far the program has exceeded its target of having women be 25% of those being trained, placed (31%) and promoted (34%).832 The AWDP disbursed approximately $18.3 million, as of March 31, 2015.833

EduCAtion

The United States aims to improve Afghan access to quality education by promoting capacity building; responding to urgent needs for learning materials, schools, and teacher development; and increasing opportunities in adult literacy, employment skills, and youth development.834 As of March 31, 2015, USAID disbursed more than $768 million for education programs in Afghanistan.835

According to the most complete data available from the Ministry of Education’s (MOE) Education Information System (EMIS), Afghanistan had a total of 14,226 general education (government) schools in 1393 (2014), with 8.35 million students enrolled.836 Of the 8.12 million students enrolled in 1392—the most complete data available that breaks out the types of attendance—6.6 million were categorized as present, while 1.55 million students were considered absent.837 EMIS neither tracks open and closed schools at any given time, nor teacher and student attendance. Figures are not independently verified.838

USAID’s priority education programs funded through the ESF this quarter remain:839

- Basic Education, Literacy and Technical-Vocational Education and Training (BELT): aims to improve access to basic education in
communities that are typically beyond the government’s reach. This quarter USAID issued a request for proposals for a national reading assessment of 2nd and 4th grade students.

- **BELT Community Based Education (CBE):** provides access to basic education in 10 provinces.
- **American University of Afghanistan (AUAF):** USAID signed an agreement to fund eight undergraduate and five graduate students.
- **Afghanistan Technical Vocational Institute:** helps create and tailor higher education curricula based on market needs.
- **Education Quality Improvement Project (EQUIP):** focuses on teacher training. More than 84,000 teachers have been trained with U.S. government assistance.

A full list of USAID’s active education programs can be found in Table 3.30.

### Table 3.30

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 3/31/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>American University of Afghanistan, Professional Development Institute</td>
<td>8/1/2013</td>
<td>7/31/2018</td>
<td>40,000,000</td>
<td>12,075,066</td>
</tr>
<tr>
<td>Afghanistan Technical Vocational Institute</td>
<td>6/15/2013</td>
<td>6/14/2015</td>
<td>1,000,000</td>
<td>700,000</td>
</tr>
<tr>
<td>Strengthening Education in Afghanistan</td>
<td>5/19/2014</td>
<td>5/18/2019</td>
<td>29,835,920</td>
<td>2,076,818</td>
</tr>
<tr>
<td>Afghan Tuition Scholarship Program</td>
<td>8/21/2011</td>
<td>7/31/2017</td>
<td>7,384,665</td>
<td>6,398,771</td>
</tr>
<tr>
<td>Assessment of Learning Outcomes and Social Effects in Community-Based Education</td>
<td>1/1/2014</td>
<td>12/31/2017</td>
<td>7,262,016</td>
<td>699,801</td>
</tr>
<tr>
<td>Afghanistan University Support and Workforce Development Program</td>
<td>1/1/2014</td>
<td>12/31/2018</td>
<td>91,927,769</td>
<td>11,224,116</td>
</tr>
<tr>
<td>Increasing Access to Basic Education and Gender Equality</td>
<td>9/17/2014</td>
<td>9/16/2019</td>
<td>54,027,000</td>
<td>54,027,000</td>
</tr>
<tr>
<td>BELT-Community Based Education</td>
<td>10/29/2013</td>
<td>10/28/2017</td>
<td>56,000,000</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: USAID, response to SIGAR data call, 4/9/2015.
women) are enrolled in the second cohort of the master’s program in public policy and administration, while bachelor’s and master’s programs in business administration were launched. USAID warned that establishing new degree programs is challenging given the substantial policy work required by MOHE and university leadership.841

HEALTH
Afghanistan has experienced improvements in its health indicators since 2002, though it remains below average for low-income countries and has one of the world’s highest levels of child malnutrition, according to the World Bank.842 U.S. assistance to the Ministry of Public Health (MOPH) includes capacity-building, training, and quality-assurance activities at central and subnational levels, particularly in provinces to the south and east, where services are largely lacking.843

In 2015, Afghanistan’s Central Statistics Organization and MOPH, in partnership with USAID, will conduct the country’s first Demographic and Health Survey to help the Afghan government develop modern health and social programs. USAID said it will use the “gold standard” in survey research, providing rigorous data in all 34 provinces of the country on issues such as marriage rates, fertility levels and preferences, family planning, maternal and child nutrition, mortality, health, as well as social indicators. The results will be compiled according to international standards and be easily comparable to results collected in other countries.844

USAID Funding
From FY 2002 through FY 2013, U.S. on- and off-budget assistance disbursed to Afghanistan’s health sector totaled more than $913 million.845 From FY 2014 through FY 2018, USAID assistance will total $383 million.846 On-budget assistance to the MOPH includes salary payments to workers in U.S.-funded facilities, supplies and equipment, in-service training, minor renovations of facilities, and monitoring and supervision. Off-budget assistance includes activities to strengthen health systems, engage the private sector, and procure pharmaceuticals and contraceptives.847 USAID’s active health programs are listed in Table 3.31.

Partnership Contracts for Health Services
The host-country Partnership Contracts for Health (PCH) Services program supports the MOPH’s efforts to provide the Basic Package of Health Services—maternal and newborn health, child health and immunizations, public nutrition, communicable disease prevention, mental health, disability services, and supply of essential drugs—in 13 provinces and the Essential Package of Hospital Services in five provinces.848 PCH supports health care at over 6,000 health posts that provide limited curative care and more than
600 facilities, including hospitals and health centers. It also supports tertiary health-care services at five provincial hospitals and one national hospital. In addition, PCH supports the Community Midwifery Education program, which aims to reduce maternal and child mortality.\textsuperscript{849}

USAID said its health-sector priorities are to document through its monitoring system how PCH supports health-service delivery, share lessons learned with the MOPH and World Bank, and ensure PCH’s smooth transition to the World Bank-administered System Enhancement for Health Action in Transition. PCH is scheduled to expire in December 2015.\textsuperscript{850}

TABLE 3.31

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 3/31/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polio-Eradication Activities</td>
<td>9/30/1996</td>
<td>9/30/2022</td>
<td>$10,830,615</td>
<td>9,265,102</td>
</tr>
<tr>
<td>Tuberculosis Care</td>
<td>9/29/2010</td>
<td>9/28/2015</td>
<td>$5,600,000</td>
<td>4,600,000</td>
</tr>
<tr>
<td>Partnership Contracts for Health</td>
<td>7/20/2008</td>
<td>12/31/2015</td>
<td>$259,663,247</td>
<td>210,034,769</td>
</tr>
<tr>
<td>Improving Nutrition Through Multi-Sectoral Approaches</td>
<td>11/7/2014</td>
<td>12/31/2017</td>
<td>$5,610,012</td>
<td>5,408,826</td>
</tr>
<tr>
<td>Disease Early Warning System</td>
<td>9/1/2008</td>
<td>6/30/2017</td>
<td>$8,500,000</td>
<td>8,500,000</td>
</tr>
<tr>
<td>Family Planning, Maternal, Neonatal, and Child Health Project</td>
<td>1/7/2015</td>
<td>1/6/2020</td>
<td>$60,000,000</td>
<td>84,213</td>
</tr>
<tr>
<td>Demographic and Health Surveys</td>
<td>9/9/2013</td>
<td>9/8/2018</td>
<td>$5,453,731</td>
<td>293,586</td>
</tr>
<tr>
<td>Leadership Management and Governance Field Support</td>
<td>9/25/2012</td>
<td>6/30/2015</td>
<td>$37,853,384</td>
<td>$32,007,979</td>
</tr>
</tbody>
</table>

Source: USAID, response to SIGAR data call, 4/9/2015.
4 OTHER AGENCY OVERSIGHT
## OTHER AGENCY OVERSIGHT CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Inspector General for Operation Freedom’s Sentinel Appointed</td>
<td>187</td>
</tr>
<tr>
<td>Completed Oversight Activities</td>
<td>188</td>
</tr>
<tr>
<td>Ongoing Oversight Activities</td>
<td>194</td>
</tr>
</tbody>
</table>

*Photo on previous page*

A view of Kandahar taken during landing. (SIGAR photo by Alex Bronstein-Moffly)
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 to 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. Each quarter, SIGAR requests updates from other agencies on completed and ongoing oversight activities. This section compiles these updates. Publicly available copies of completed reports are posted at the agencies’ respective websites.

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

These agencies perform oversight activities in Afghanistan and provide results to SIGAR:
- Department of Defense Office of Inspector General (DOD IG)
- Department of State Office of Inspector General (State OIG)
- Government Accountability Office (GAO)
- U.S. Army Audit Agency (USAAA)
- U.S. Agency for International Development Office of Inspector General (USAID OIG)

LEAD INSPECTOR GENERAL FOR OPERATION FREEDOM’S SENTINEL APPOINTED

This quarter, the chair of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) named DOD Inspector General (DOD IG) Jon T. Rymer as the lead IG for Operation Freedom’s Sentinel (OFS), the new name for the U.S. military mission in Afghanistan.

OFS commenced on January 1, 2015, after U.S. combat operations in Afghanistan formally ended in December 2014. DOD designated OFS as a new overseas contingency operation, triggering a provision in the wartime-contracting law that requires the inspectors general of DOD, State, and
USAID to coordinate their oversight efforts during new contingency operations. The law also directs the CIGIE chair to name one of these three IGs to serve as the “Lead IG” for oversight of the new operation. Under the law, lead IGs have already been appointed for two ongoing overseas contingency operations: Operation Inherent Resolve to confront the Islamic State in Iraq and the Levant (ISIL), and Operation United Assistance to respond to the Ebola virus outbreak in Africa.

The appointment of a lead IG for OFS and other new overseas contingency operations does not change SIGAR’s authority or jurisdiction over reconstruction funds and programs in Afghanistan, as CIGIE Chair Michael E. Horowitz noted in his letter to DOD IG Rymer. “Nothing in this designation is intended to limit or otherwise affect the authority and responsibilities of SIGAR,” he wrote. Rymer likewise wrote in a letter to Senator Claire McCaskill (D-MO) that he would discharge his duties “in coordination with SIGAR to avoid duplication of effort and ensure compliance with the law in the most efficient manner possible.” Both letters may be found in Appendix E of this report.

COMPLETED OVERSIGHT ACTIVITIES
Table 4.1 lists the eight oversight projects related to reconstruction that participating agencies reported as completed this quarter.

U.S. Department of Defense Office of Inspector General
During this quarter, DOD IG issued three reports related to Afghanistan reconstruction.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Report Number</th>
<th>Date Issued</th>
<th>Project Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOD IG</td>
<td>DODIG-2015-067</td>
<td>1/30/2015</td>
<td>Assessment of U.S. and Coalition Efforts to Develop the Logistics and Maintenance Sustainment Capability of the Afghan National Police</td>
</tr>
<tr>
<td>GAO</td>
<td>GAO-15-285</td>
<td>1/29/2015</td>
<td>Opportunities May Exist to Increase Utility of Nondevelopmental Items Pilot Program</td>
</tr>
<tr>
<td>GAO</td>
<td>GAO-15-200</td>
<td>12/22/2014</td>
<td>Further Actions Needed to Improve Oversight of Pass-through Contracts</td>
</tr>
</tbody>
</table>

Source: DOD IG, response to SIGAR data call, 3/19/2015; State OIG, response to SIGAR data call, 3/17/2015; GAO, response to SIGAR data call, 3/19/2015; USAAA, response to SIGAR data call 3/10/2015; USAID OIG, response to SIGAR data call, 3/24/2015
Contingency Contracting: A Framework for Reform–2015 Update


DOD IG re-emphasized ongoing problems identified in the previous DOD Office of Inspector General Reports: DODIG-2012-134, “Contingency Contracting: A Framework for Reform–2012 Update,” September 18, 2012, and D-2010-059, “Contingency Contracting: A Framework for Reform,” May 14, 2010. This report provides a framework and tool for contracting personnel to use when assessing their contracting operations to ensure DOD implements the best practices and identifies vulnerabilities to fraud, waste, and abuse. This report is based on DOD IG consolidation of 40 reports prepared by DOD IG personnel and press releases related to 21 fraud investigations issued from April 1, 2012, through December 31, 2014, regarding DOD’s contingency contracting. These reports and investigations identified a variety of problems relating to DOD officials not properly awarding, administering, or managing contingency contracts in accordance with Federal and DOD policies.

Summary of Lessons Learned—DOD IG Assessment Oversight of “Train, Advise, Assist, and Equip” Operations by U.S. and Coalition Forces in Iraq and Afghanistan


This DOD IG summary report sought lessons learned that might apply to future contingency operations as well as to Operation Inherent Resolve. This summary report provides DOD military commanders and other stakeholders responsible for Operation Inherent Resolve a summary of lessons learned gleaned from DOD IG assessment oversight of U.S. and Coalition “Train, Advise, Assist, and Equip” efforts during Operations Iraqi Freedom and Enduring Freedom. DOD IG reviewed 30 assessment reports issued by the DOD IG between July 2008 and January 2015. These reports contained 342 observations related to U.S. and Coalition efforts to develop the national security forces of Iraq and Afghanistan. DOD IG’s review identified the following five systemic challenge and problem areas, with related lessons learned, in the U.S. and Coalition efforts to develop partner nation security forces, such as those of Iraq and Afghanistan:

- Training and Equipping of Partner Nation Security Forces and Ministries
- Advisory Assistance in Support of Partner Nation Security Forces and Ministries
- Logistics Development and Sustainment
- Accountability and Control of U.S.-Supplied Equipment
- U.S. Contract Management
OTHER AGENCY OVERSIGHT

This report is For Official Use Only. A redacted version has since been posted at the agency’s website: http://www.dodig.mil/pubs/documents/DODIG-2015-082.pdf

Assessment of U.S. and Coalition Efforts to Develop the Logistics and Maintenance Sustainment Capability of the Afghan National Police
DOD IG found that coalition force and ANP leaders recognized that development of logistics, including supply and maintenance capabilities, was crucial to long-term ANP success. Coalition force advisors identified a need for certain policy updates in support of logistics transition, and encouraged the Ministry of Interior (MOI) and ANP leaders to implement and enforce established logistics policies and processes. Coalition, MOI, and ANP leaders readily offered input on and analysis of MOI and ANP logistics development, and the importance of implementing a demand-based logistics, supply, and maintenance system to ANP mission success.

DOD IG identified key logistics issues in three areas—resources, policy implementation and enforcement, and emerging logistics processes.

The DOD IG summarized DOD IG and Air Force Audit Agency reports that identified weaknesses with contingency construction contracts in Afghanistan and Iraq. Specifically, DOD IG summarized 11 reports that provided oversight of contingency construction contracts valued at about $738 million. The weaknesses include inadequate quality assurance and contract oversight, inadequate requirements, acceptance of substandard construction, unclear guidance, lack of coordination between commands, lack of contract files, and funding approval process.

Overall, quality-assurance weaknesses were cited 15 times in seven reports and contributed to an increased risk to personnel life and safety on the facilities. The quality-assurance weaknesses included insufficient contract oversight and lack of quality-assurance documents and procedures. The other weaknesses contributed to additional work to bring newly constructed facilities up to standard. The recurring weaknesses indicate that there is an opportunity to apply lessons learned from military construction projects and minimize their recurrence in future contingency environments.
U.S. Department of State Office of Inspector General—Middle East Regional Operations
During this quarter, State OIG did not release any reports related to Afghanistan reconstruction.

Government Accountability Office
During this quarter, GAO issued three reports related to Afghanistan reconstruction.

**Contingency Contracting: Contractor Personnel Tracking System Needs Better Plans And Guidance**
The U.S. Agency for International Development (USAID) has assessed resources that it needs to sustain its contract data system, the Global Acquisition and Assistance System (GLAAS), but the Department of Defense (DOD) has not assessed all resources that it will need to sustain the Synchronized Predeployment and Operational Tracker—Enterprise Suite (SPOT-ES). DOD, the Department of State (State), and USAID use SPOT-ES as a repository of information on contracts and contractor personnel in contingency operations; USAID also uses GLAAS to record information about contracts. DOD uses the budget process to identify resources it projects it will need in the next budget year to modernize and operate its systems, but DOD has not updated its lifecycle cost estimate or fully defined and assessed its plans to determine all resources needed to sustain SPOT-ES. For example, DOD has not updated its life-cycle cost estimate since 2010, despite changes to costs due to schedule delays, because officials said the system has proven stable. Also, DOD has not defined some of its plans that involve cost elements that need to be included in the estimate because it accepted the system’s previous program management estimates as reported. GAO’s Cost Estimating and Assessment Guide

DOD has business rules for the entry of contract and contractor personnel data in SPOT—the database component of SPOT-ES—but lacks reasonable assurance that SPOT provides personnel data that are consistently timely and reliable because the department does not use its available mechanisms for assessing contractor performance to track whether contractors enter data in accordance with the business rules. The business rules, DOD guidance, and an applicable Defense Federal Acquisition Regulation Supplement clause describe how contractors and contracting officers are to enter data in SPOT. Using existing mechanisms for tracking contractor performance could provide DOD reasonable assurance that contractors have abided by business rules to enter and provide timely and reliable data. GAO’s Cost Estimating and Assessment Guide
costs, management will have difficulty planning program resource requirements and making decisions.

DOD has completed SPOT-ES interoperability testing, but has not fully registered or approved the system’s data. DOD Instruction 8320.02 directs heads of DOD components to register authoritative data sources and metadata in DOD’s Data Services Environment (DSE), its primary online repository for technical descriptions related to information technology and systems for all authorized users, and provides policy that data will be visible and trusted. GAO found that registration for SPOT-ES data was not completed, although program officials thought they had completed all the steps needed to register the system. Full registration and approval in the DSE would help ensure that data are visible and trusted.

GAO recommends, among other things, that DOD regularly update its life-cycle cost estimate for SPOT-ES to include defining and assessing its plans for SPOT-ES; use mechanisms to track contractor performance of SPOT-ES data entry; and complete SPOT-ES registration in the DSE. DOD concurred with these recommendations, and described planned steps to address them.

**Opportunities May Exist to Increase Utility of Nondevelopmental Items Pilot Program**

Since the Department of Defense (DOD) implemented a pilot program in 2011 to award contracts for military-purpose nondevelopmental items (MPNDI), it has not awarded any contracts using the authority. An MPNDI is generally an item that meets a validated military requirement and has been developed exclusively at private expense. GAO’s analysis identified a number of issues that may be contributing to the lack of use of the pilot program, including the following: In several instances, DOD officials from commands and contracting activities that GAO interviewed were unaware of the pilot program prior to GAO’s review; their force noted that the program had not been well publicized within the department; DOD program and contracting officials that GAO contacted stated that it was difficult to identify proposed acquisitions that could meet all the criteria for using the pilot program, which include that the items must be developed at private expense, the initial lot of items be delivered within nine months after contract award, contractors be nontraditional defense contractors, competitive procedures be used, and contracts are $50 million or less; contracting officials from the military departments with whom GAO spoke identified other existing authorities—such as commercial item acquisition procedures—that they would use to acquire items they identified as potentially covered by the pilot program.

GAO recommends that DOD identify how the pilot program can help DOD attract nontraditional contractors, to test flexibilities or streamlined
procedures not otherwise available under existing authorities, and include
issues hindering its use in its annual reports to Congress. DOD concurred
with GAO’s recommendations.

Further Actions Needed to Improve Oversight of
Pass-through Contracts
Congress required the Department of Defense (DOD), the Department of
State (State), and the United States Agency for International Development
(USAID) to issue guidance and regulations as necessary to ensure that
contracting officers complete additional analyses prior to awarding pass-
through contracts—contracts meeting certain criteria and in which prime
contractors plan to subcontract 70% or more of the total cost of work to be
performed—by July 2013.

DOD, State, and USAID varied in their implementation of Section 802.
Specifically, GAO’s analysis of the agencies’ policies and regulations found
the following: USAID issued a policy directive in June 2013 restating
Section 802 requirements and is updating checklists used by contract-
ing officers. State issued a procurement bulletin in July 2014 that restated
Section 802 requirements but has not taken further steps. Neither USAID
nor State has provided its contracting officers additional information to
help them implement these new requirements, such as by identifying how
to assess alternative contracting arrangements or how to document their
decisions. DOD has not taken any actions and is waiting for revisions to
the Federal Acquisition Regulation—expected to be completed by March
2015—before deciding what, if any, changes to its guidance are needed.

As of November 2014, none of the agencies had updated their manage-
ment-review processes to reflect Section 802 requirements.

To help ensure contracting officers carry out Section 802 require-
ments, GAO recommends that DOD, State, and USAID take two actions:
issue guidance to help contracting officers perform the additional steps
required, and revise management-review processes and guidance to verify
implementation.

U.S. Army Audit Agency
The USAAA completed no audits related to Afghanistan reconstruction
this quarter.

U.S. Agency for International Development Office of
Inspector General
This quarter, USAID OIG issued no audits related to reconstruction
activities.
Ongoing Oversight Activities

As of March 31, 2015, the participating agencies reported 13 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.

U.S. Department of Defense Office of Inspector General

The Department of Defense continues to face many challenges in executing its Overseas Contingency Operations (OCO). The Department of Defense Office of Inspector General (DOD IG) has identified priorities based on those challenges and high-risks. For FY 2015, DOD IG oversight focuses on the areas of monitoring and oversight of acquisition and contracting processes that support training, equipping, and sustaining Afghanistan Security Forces (ASF). DOD IG will also continue to review and assess the Department’s efforts to train and equip Afghan National Security Forces.

The DOD IG-led Southwest Asia Joint Planning Group assists in coordinating and deconflicting federal and DOD OCO-related oversight activities. DOD IG, working with the SIGAR as well as fellow Inspectors General and Defense oversight-community members, has issued the FY 2015 Comprehensive Oversight Plan for Southwest Asia, October 2014. A key theme in the FY 2015 plan development is the force restructuring/draw-down of operations in Afghanistan.

DOD IG’s ongoing OEF-related oversight addresses accountability of property; improper payments; contract administration and management, including construction projects; transition planning; logistical distribution within Afghanistan; and acquisition planning and controls over funding for Afghan Security Forces.

Examination of DOD Execution of Afghanistan National Army Trust Fund Donations to the Afghanistan Security Forces Fund

(Project No. D2015-D000FL-0026.000, Initiated October 24, 2014)

The Deputy Comptroller (Program/Budget), Office of the Under Secretary of Defense (Comptroller), requested this examination. The Deputy Comptroller asserted that the receipts and expenditures, as of June 30, 2014, for projects fully funded from the North Atlantic Treaty Organization (NATO) ANA Trust Fund contributions and received into the Afghanistan Security Forces Fund in FY 2013 or earlier were fairly presented in all material respects. DOD IG is to determine whether the Deputy Comptroller fairly presented the receipts and expenditures from the NATO ANA Trust Fund contributions. In addition, DOD IG will review internal controls over financial reporting and compliance with laws and regulations as it relates to DOD IG’s engagement objective. DOD IG’s responsibility is to express an opinion based on its examination.
Audit of Government of Islamic Republic of Afghanistan’s Internal Control for Asset Accountability
(Project No. D2014-D000JB-0219.000, Initiated September 4, 2014)
The DOD IG is conducting this audit in response to a statutory requirement. DOD IG is determining whether the Combined Security Transition Command-Afghanistan (CSTC-A) and the GIROA Ministries of Defense and Interior have controls in place to effectively manage asset accountability for vehicles and buildings. Specifically, DOD IG will evaluate the adequacy of the policies and procedures for verifying the existence of the donated assets, forecasting of maintenance and replacement operations requirements, and identifying requirements for asset replenishment.

(Project No. D2014-D00SPO-0129.001, Initiated July 2, 2014).
For this Command-requested follow-on review, the DOD IG is assessing the sufficiency of Afghan National Security Forces policies and procedures for the management and accountability of fuel (Class III Bulk) and
conventional military ammunition and explosives (Class V). Specifically DOD IG will review:
• the ISAF Security Assistance Office relationship with the Ministries of Defense and Interior regarding regulations and procedures for the procurement, receipt, accountability, and consumption of ammunition and fuel
• ANSF compliance with published accountability procedures and internal controls for ammunition, explosives, and fuel at national and regional commands
• ANSF ammunition, explosives, and fuel distribution and accountability systems for significant gaps and vulnerabilities
• ANSF storage facilities for ammunition, explosives, and fuel for security gaps and vulnerabilities

Assessment of U.S. Government Efforts to Transition Security Cooperation and Assistance Activities Supporting the Government of the Islamic Republic of Afghanistan from Department of Defense Authority to Department of State Authority
(Project No. 2013-D00SPO-0181.000, Initiated June 13, 2013)
DOD IG is assessing plans and activities that have been accomplished or implemented thus far to transfer the security cooperation and assistance activities in Afghanistan from DOD to State Department authority, and to make recommendations to facilitate or improve the transition of these functions to the State Department in accordance with existing security-cooperation guidance and security-assistance regulations that may pertain. Specific objectives are to determine whether:
• U.S. government goals, objectives, plans, and guidance are sufficient, issued, and operative for the transition of CSTC-A security assistance activities in Afghanistan from DOD authority to a security-cooperation organization under Department of State authority
• ongoing efforts by U.S. forces to provide security assistance to GIROA are adversely impacted by the implementation of drawdown plans for U.S. Forces-Afghanistan (USFOR-A) and the transition of International Security Assistance Force (ISAF) and ISAF Joint Command (IJC) to a command organization under NATO authority

U.S. Department of State Office of Inspector General-Middle East Regional Operations
State OIG has one ongoing project this quarter related to Afghanistan reconstruction.
Audit of Department of State Selection, Positioning, Training, and Oversight Responsibilities of Grants Officer Representatives  
(Project No. 14AUD034, Initiated February 11, 2014)  
Objective: To determine the extent to which the Department’s grant officer representatives are selected, positioned, and trained to successfully perform their assigned grants-administration and oversight responsibilities.

Government Accountability Office  
GAO has six ongoing projects this quarter related to Afghanistan reconstruction.

Afghan Special Immigrant Visa Program  
(Project No. 321059, Initiated February 5, 2015)  
The Afghanistan Special Immigrant Visa (SIV) program provides visas to Afghan nationals and their families who are under threat because of their work for State and USAID, or other U.S. agencies. A high rate of applications for the Afghan SIV program, coupled with short tours by State and USAID U.S. personnel in Afghanistan, could diminish the U.S. government’s institutional knowledge, local relationships, and cultural understanding in that country. Key Questions: (1) How has State and USAID’s workforce in Afghanistan been affected by the departure of SIV recipients? (2) To what extent, if any, have State and USAID developed plans to mitigate the departure of Afghan SIV recipients? (3) What actions, if any, have State and USAID taken to mitigate the departure of Afghan SIV recipients?

Military Construction in a Contingency Environment  
(Project No. 351991, Initiated November 21, 2014)  
The audit will examine: (1) The processes DOD officials used to make decisions about military construction in Iraq and Afghanistan, to include procedures for determining whether a structure should be permanent or temporary; (2) The costs associated with decisions made about military construction in Iraq and Afghanistan, to include the sources of funding; (3) Any lessons the Department has learned about military construction during contingency operations based on the experiences of Iraq and Afghanistan; and (4) Any other issues related to military construction in a contingency environment that may come to light during the course of the audit.

Construction Efforts at the U.S. Embassy in Kabul Part II  
(Project No. 321034, initiated July 23, 2014)  
Since 2009 the State Department has awarded two contracts totaling about $700 million to construct additional housing and office facilities at the U.S. embassy in Kabul, Afghanistan. State has since terminated the first contract and expanded the scope, value, and timing of the second. Key questions:
(1) What progress has State made in constructing new U.S. embassy facilities in Kabul since 2009, and what factors have contributed to any scope, cost, or schedule changes? (2) To what extent does the present expansion match projected needs?

**Army and Marine’s Extended Equipment Reset Liability Costs and Requirements**
(Project No. 351951, Initiated July 23, 2014)
As equipment is returned from Afghanistan, the Army and Marine Corps are facing a multiyear and multibillion dollar effort to return this equipment to combat-ready condition, known as reset. Congressional defense committees are concerned about how much this will cost—the “reset liability”—and asked GAO to investigate and report. Objectives: (1) The extent to which the Army and Marine Corps are using a consistent definition of reset in estimating their reset liabilities. (2) The types and costs included in the Army and Marine Corps reset-liability estimates. (3) An analysis of any assumptions used in developing the Army and Marine Corps estimates, to include the planned sources of funding. (4) Any other issues GAO determines appropriate.

**Securing Diplomatic Residences and Other Soft Targets Overseas**
(Project No. 321031, initiated July 9, 2014)
U.S. personnel posted in diplomatic facilities overseas continue to face threats to their safety and security, including numerous attacks in high-risk locations in recent years. In particular, residences, recreational facilities, and schools used by these personnel and their families may be attractive “soft targets.” Key questions: (1) How does State manage threats and risks to residences and other soft targets under chief-of-mission authority overseas? (2) To what extent do State’s security standards for residences and other soft targets address the threats and risks faced by such facilities? (3) To what extent do State’s policies and procedures address security vulnerabilities, if any, at residences and other soft targets?

**Mitigating Threats to Locally Employed Staff**
(Project No. 100003, Initiated February 13, 2014)
U.S. agencies employ more than 44,000 locally employed staff (LES)—Foreign Service nationals and U.S. citizens—at over 270 posts worldwide. LES are a key element of the U.S. presence at these posts, often performing a range of programmatic, security, monitoring, maintenance, and other duties. However, due to their association with the United States, LES can be subject to harassment, intimidation, and death threats. Threats to LES are particularly acute at posts in countries with active terrorist networks and
violent extremist groups, such as Afghanistan, Iraq, Pakistan, and Yemen. Such threats can potentially hamper U.S. efforts to recruit and retain LES.

GAO was asked to review U.S. government efforts to monitor, share information about, and mitigate threats to LES serving at high-threat posts. Key questions: (1) What is the nature and extent of the threat that terrorist networks and other violent extremist groups pose to LES, including the number of threats and attacks? (2) To what extent have U.S. agencies established mechanisms to collect and disseminate information about threats to LES in an effective and timely manner? (3) What steps, if any, have U.S. agencies taken to mitigate threats to LES at high-threat posts and what barriers, if any, exist to mitigating such threats? (4) How have these threats and attacks affected the recruitment and retention of LES at high-threat posts?

U.S. Army Audit Agency
This quarter the USAAA has no ongoing audits related to Afghanistan reconstruction.

U.S. Agency for International Development Office of Inspector General
This quarter USAID OIG has two ongoing audits related to reconstruction initiatives.

Audit of USAID/Afghanistan’s Assistance in Building Afghanistan by Developing Enterprises Program
(Project No. FF100315, Initiated February 9, 2015)
Audit Objective:
• Is USAID/Afghanistan’s Assistance in Building Afghanistan by Developing Enterprises Program increasing private-sector investment, creating new jobs, and improving the business environment as planned?

Audit of USAID/Afghanistan’s Strategy for Monitoring and Evaluating Its Programs Throughout Afghanistan
(Project No. FF101014, Initiated August 26, 2014)
Audit Objective:
• Does USAID/Afghanistan’s monitoring and evaluation strategy provide effective coverage over USAID’s program activities in Afghanistan?
APPENDICES AND ENDNOTES CONTENTS

Appendix A 202
Appendix B 208
Appendix C 210
Appendix D 216
Appendix E 222
Appendix F 227
Endnotes 233
APPENDICES AND ENDNOTES
APPENDICES

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, Pub. 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>Report Section</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 1229(a)(3)</td>
<td>To provide for an independent and objective 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 operations and the necessity for and progress on corrective action.</td>
<td>Ongoing; quarterly report</td>
<td>Full report</td>
</tr>
<tr>
<td><strong>Supervision</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 1229(e)(1)</td>
<td>The Inspector General shall report directly to, and be under the general supervision of, the Secretary of State and the Secretary of Defense</td>
<td>Report to the Secretary of State and the Secretary of Defense</td>
<td>Full report</td>
</tr>
<tr>
<td><strong>Duties</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 1229(f)(1)</td>
<td>OVERSIGHT OF AFGHANISTAN RECONSTRUCTION – It shall be the duty of the Inspector General to conduct, supervise, and coordinate audits and investigations of the treatment, handling, and expenditure of amounts appropriated or otherwise made available for the reconstruction of Afghanistan, and of the programs, operations, and contracts carried out utilizing such funds, including subsections (A) through (G) below.</td>
<td>Review appropriated/available funds</td>
<td>Full report</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>
</tbody>
</table>
### CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229

<table>
<thead>
<tr>
<th>Public Law Section</th>
<th>SIGAR Enabling Language</th>
<th>SIGAR Action</th>
<th>Report Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1229(f)(1)(F)</td>
<td>The monitoring and review of the effectiveness of United States coordination with the Governments of Afghanistan and other donor countries in the implementation of the Afghanistan Compact and the Afghanistan National Development Strategy</td>
<td>Monitoring and review as described</td>
<td>Audits</td>
</tr>
<tr>
<td>Section 1229(f)(1)(G)</td>
<td>The investigation of overpayments such as duplicate payments or duplicate billing and any potential unethical or illegal actions of Federal employees, contractors, or affiliated entities, and the referral of such reports, as necessary, to the Department of Justice to ensure further investigations, prosecutions, recovery of further funds, or other remedies</td>
<td>Conduct and reporting of investigations as described</td>
<td>Investigations</td>
</tr>
<tr>
<td>Section 1229(f)(2)</td>
<td>OTHER DUTIES RELATED TO OVERSIGHT — The Inspector General shall establish, maintain, and oversee such systems, procedures, and controls as the Inspector General considers appropriate to discharge the duties under paragraph (1)</td>
<td>Establish, maintain, and oversee systems, procedures, and controls</td>
<td>Full report</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>Full report</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>
</tr>
<tr>
<td>Federal Support and Other Resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<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>Full report</td>
</tr>
<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>Public Law Section</td>
<td>SIGAR Enabling Language</td>
<td>SIGAR Action</td>
<td>Report Section</td>
</tr>
<tr>
<td>--------------------</td>
<td>-------------------------</td>
<td>--------------</td>
<td>----------------</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>Full report Appendix B</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Summarize activities of the Inspector General</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Detailed statement of all obligations, expenditures, and revenues</td>
<td></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>
<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>Funding 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>
</tbody>
</table>
### CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229

<table>
<thead>
<tr>
<th>Public Law Section</th>
<th>SIGAR Enabling Language</th>
<th>SIGAR Action</th>
<th>Report Section</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section 1229(i)(3)</strong></td>
<td>PUBLIC AVAILABILITY — The Inspector General shall publish on a publicly 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 at <a href="http://www.sigar.mil">www.sigar.mil</a> Dari and Pashtu translation in process</td>
<td>Full report</td>
</tr>
<tr>
<td><strong>Section 1229(i)(4)</strong></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>Full report</td>
</tr>
<tr>
<td><strong>Section 1229(j)(1)</strong></td>
<td>Inspector General shall also submit each report required under subsection (i) to the Secretary of State and the Secretary of Defense.</td>
<td>Submit quarterly report</td>
<td>Full report</td>
</tr>
</tbody>
</table>

Note 1: Although this data is normally made available on SIGAR’s website (www.sigar.mil), the data SIGAR has received is in relatively raw form and is currently being reviewed, analyzed, and organized for future SIGAR use and publication.

* Covered “contracts, grants, agreements, and funding mechanisms” are defined in paragraph (2) of Section 1229(i) of Pub. L. 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**

**TABLE A.2**

<table>
<thead>
<tr>
<th>IG Act Section</th>
<th>IG Act Language</th>
<th>SIGAR Action</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<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</td>
<td>Other Agency Oversight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>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 l reports</td>
<td>Other Agency Oversight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>List recommendations from SIGAR audit reports</td>
<td>See Letters of Inquiry at <a href="http://www.sigar.mil">www.sigar.mil</a></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</td>
<td>Other Agency Oversight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>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</td>
<td>Other Agency Oversight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>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</td>
<td>Other Agency Oversight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>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</td>
<td>A full list of significant reports can be found at <a href="http://www.sigar.mil">www.sigar.mil</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provide a synopsis of the significant SIGAR reports</td>
<td>In process</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</td>
<td>See reports of SWA/JPG members</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Develop statistical tables showing dollar value of questioned cost from SIGAR reports</td>
<td>In process</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</td>
<td>See reports of SWA/JPG members</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Develop statistical tables showing dollar value of funds put to better use by management from SIGAR reports</td>
<td>In process</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</td>
<td>See reports of SWA/JPG members</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provide a synopsis of SIGAR audit reports in which recommendations by SIGAR are still open</td>
<td>None</td>
</tr>
<tr>
<td>IG Act Section</td>
<td>IG Act Language</td>
<td>SIGAR Action</td>
<td>Section</td>
</tr>
<tr>
<td>----------------</td>
<td>----------------</td>
<td>--------------</td>
<td>---------</td>
</tr>
<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>
</tr>
<tr>
<td></td>
<td></td>
<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>
</tr>
<tr>
<td></td>
<td></td>
<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>
</tr>
<tr>
<td></td>
<td></td>
<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>
</tr>
<tr>
<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>
</tr>
<tr>
<td>Section 5(a)(16)</td>
<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>
<td>Not applicable (SIGAR did not conduct, or participate in the conduct, of a peer review of another Office of Inspector General during the reporting period)</td>
<td>SIGAR Oversight</td>
</tr>
</tbody>
</table>
## APPENDICES

### APPENDIX B

**U.S. FUNDS FOR AFGHANISTAN RECONSTRUCTION** ($ MILLIONS)

Table B.1 lists funds appropriated for Afghanistan reconstruction by program, per year, as of March 31, 2015. Table B.2 lists fund appropriated for counternarcotics initiatives since 2002.

#### Table B.1

<table>
<thead>
<tr>
<th>U.S. FUNDING SOURCES</th>
<th>AGENCY</th>
<th>TOTAL</th>
<th>FY 2002–03</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Security</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afghanistan Security Forces Fund (ASFF)</td>
<td>DOD</td>
<td>60,670.40</td>
<td>0.00</td>
</tr>
<tr>
<td>Train &amp; Equip (DOD)</td>
<td>DOD</td>
<td>440.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Foreign Military Financing (FMF)</td>
<td>State</td>
<td>1,059.14</td>
<td>248.26</td>
</tr>
<tr>
<td>International Military Education and Training (IMET)</td>
<td>State</td>
<td>16.22</td>
<td>0.56</td>
</tr>
<tr>
<td>Drug Interdiction &amp; Counter-Drug Activities (DOD CN)</td>
<td>DOD</td>
<td>2,982.18</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total - Security</strong></td>
<td></td>
<td>65,167.94</td>
<td>248.22</td>
</tr>
<tr>
<td><strong>Governance &amp; Development</strong></td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Commander’s Emergency Response Program (CERP)</td>
<td>DOD</td>
<td>3,679.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Afghanistan Infrastructure Fund (AIF)</td>
<td>DOD</td>
<td>1,043.50</td>
<td>0.00</td>
</tr>
<tr>
<td>Task Force for Business and Stability Operations (TFBSO)</td>
<td>DOD</td>
<td>822.85</td>
<td>0.00</td>
</tr>
<tr>
<td>Economic Support Fund (ESF)</td>
<td>USAID</td>
<td>18,612.11</td>
<td>341.51</td>
</tr>
<tr>
<td>Development Assistance (DA)</td>
<td>USAID</td>
<td>885.55</td>
<td>60.84</td>
</tr>
<tr>
<td>Afghanistan Freedom Support Act (AFSA)</td>
<td>DOD</td>
<td>550.00</td>
<td>300.00</td>
</tr>
<tr>
<td>Child Survival &amp; Health (CSH + GHAI)</td>
<td>USAID</td>
<td>554.55</td>
<td>57.20</td>
</tr>
<tr>
<td>Commodity Credit Corp (CCC)</td>
<td>USAID</td>
<td>31.65</td>
<td>8.80</td>
</tr>
<tr>
<td>USAID (other)</td>
<td>USAID</td>
<td>52.07</td>
<td>0.50</td>
</tr>
<tr>
<td>Non-Proliferation, Antiterrorism, Demining &amp; Related (NADR)</td>
<td>State</td>
<td>692.99</td>
<td>78.70</td>
</tr>
<tr>
<td>Provincial Reconstruction Team Advisors</td>
<td>USAID</td>
<td>5.70</td>
<td>0.00</td>
</tr>
<tr>
<td>Treasury Technical Assistance</td>
<td>Treasury</td>
<td>4.45</td>
<td>1.90</td>
</tr>
<tr>
<td>International Narcotics Control &amp; Law Enforcement (INCLE)</td>
<td>State</td>
<td>4,690.86</td>
<td>60.00</td>
</tr>
<tr>
<td>Drug Enforcement Administration (DEA)</td>
<td>DOJ</td>
<td>226.05</td>
<td>3.45</td>
</tr>
<tr>
<td><strong>Total - Governance &amp; Development</strong></td>
<td></td>
<td>31,851.34</td>
<td>912.91</td>
</tr>
<tr>
<td><strong>Humanitarian</strong></td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>PL. 480 Title I</td>
<td>USAID</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>PL. 480 Title II</td>
<td>USAID</td>
<td>891.28</td>
<td>159.50</td>
</tr>
<tr>
<td>Disaster Assistance (IDA)</td>
<td>USAID</td>
<td>549.64</td>
<td>282.62</td>
</tr>
<tr>
<td>Transition Initiatives (TI)</td>
<td>USAID</td>
<td>37.39</td>
<td>19.76</td>
</tr>
<tr>
<td>Migration &amp; Refugee Assistance (MRA)</td>
<td>State</td>
<td>1037.66</td>
<td>196.97</td>
</tr>
<tr>
<td>Voluntary Peacekeeping (PKO)</td>
<td>State</td>
<td>69.33</td>
<td>33.83</td>
</tr>
<tr>
<td>Emergency Refugee &amp; Migration Assistance (ERMA)</td>
<td>State</td>
<td>25.20</td>
<td>25.00</td>
</tr>
<tr>
<td>Food for Progress</td>
<td>USAID</td>
<td>109.49</td>
<td>4.96</td>
</tr>
<tr>
<td>416(b) Food Aid</td>
<td>USAID</td>
<td>95.18</td>
<td>60.60</td>
</tr>
<tr>
<td>Food for Education</td>
<td>USAID</td>
<td>50.49</td>
<td>9.27</td>
</tr>
<tr>
<td>Emerson Trust</td>
<td>USAID</td>
<td>22.40</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total - Humanitarian</strong></td>
<td></td>
<td>2,893.06</td>
<td>797.50</td>
</tr>
<tr>
<td><strong>International Affairs Operations</strong></td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Oversight</td>
<td></td>
<td>362.55</td>
<td>0.00</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>9,500.81</td>
<td>190.90</td>
</tr>
<tr>
<td><strong>Total - International Affairs Operations</strong></td>
<td></td>
<td>9,863.36</td>
<td>190.90</td>
</tr>
<tr>
<td><strong>Total Funding</strong></td>
<td></td>
<td>109,775.70</td>
<td>2,150.14</td>
</tr>
</tbody>
</table>

---

**Table B.2 Note:** Numbers have been rounded. Counternarcotics funds cross-cut both the Security and Governance & Development spending categories; these funds are also captured in those categories in Table B.1. Figures represent cumulative amounts appropriated for counternarcotics initiatives in Afghanistan since 2002. Initiatives include eradication, interdiction, support to Afghanistan’s Special Mission Wing, counternarcotics-related capacity building, and alternative agricultural development efforts. ASFF, ESF, and INCLE figures show the cumulative amounts appropriated for counternarcotics initiatives from those funds.


#### Table B.1 Source:

- Numbers have been rounded. FY 2015 appropriation amounts for most State and USAID accounts reflect draft allocations for Afghanistan and are subject to final Congressional approval. DOD reprogrammed $1 billion from FY 2011 ASFF. DOD deappropriated $1 billion from FY 2012 ASFF. Pub. L. 113-6 rescinded $1 billion from FY 2012 ASFF. DOD reprogrammed $1.78 million from FY 2013 ASFF. Pub. L. 113-235 rescinded $764.38 million from FY 2014 ASFF. DOD transferred $101 million from FY 2011 AIF and $179.5 million from FY 2013 AIF to the ESF to fund infrastructure projects implemented by USAID.

## APPENDICES

### U.S. Funding Sources Agency Totals FY 2002–03

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total - International Affairs Operations</td>
<td>0.00</td>
<td>995.00</td>
<td>1,908.13</td>
<td>7,406.40</td>
<td>2,750.00</td>
<td>5,606.94</td>
<td>9,166.77</td>
<td>10,619.28</td>
<td>9,200.00</td>
<td>4,946.20</td>
<td>3,962.34</td>
<td>4,109.33</td>
</tr>
<tr>
<td>Total - Humanitarian</td>
<td>150.00</td>
<td>290.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>414.08</td>
<td>396.80</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>0.67</td>
<td>0.95</td>
<td>0.98</td>
<td>1.19</td>
<td>1.66</td>
<td>1.40</td>
<td>1.76</td>
<td>1.56</td>
<td>1.18</td>
<td>1.42</td>
<td>1.50</td>
<td>1.40</td>
</tr>
<tr>
<td></td>
<td>71.80</td>
<td>224.54</td>
<td>108.05</td>
<td>290.97</td>
<td>192.81</td>
<td>230.06</td>
<td>392.27</td>
<td>379.83</td>
<td>472.99</td>
<td>255.81</td>
<td>215.46</td>
<td>147.60</td>
</tr>
<tr>
<td></td>
<td>636.55</td>
<td>1,907.28</td>
<td>2,017.17</td>
<td>7,698.57</td>
<td>2,944.47</td>
<td>5,838.40</td>
<td>9,560.80</td>
<td>11,000.67</td>
<td>9,674.16</td>
<td>5,203.44</td>
<td>4,179.30</td>
<td>4,258.33</td>
</tr>
</tbody>
</table>

### New Funding Sources

- Oversight
- P.L. 480 title I USDA
- Emerson trust USDA
- Food for Education USDA
- Food for Progress USDA
- Voluntary Peacekeeping (PKO) State
- Disaster Assistance (IDA) USAID
- Drug Enforcement Administration (DEA) DOJ
- International narcotics control & Law Enforcement (IncLE) State
- Treasury technical Assistance treasury
- non-Proliferation, Antiterrorism, Demining & Related (nADR) State
- Development Assistance (DA) USAID
- Economic Support Fund (ESF) USAID
- task Force for Business and Stability Operations (tFBSO) DOD
- Drug Interdiction & counter-Drug Activities (DOD cn)
- International Military Education and training (IMEt) State
- Foreign Military Financing (FMF) State
APPENDICES

APPENDIX C
SIGAR WRITTEN PRODUCTS

SIGAR AUDITS

Audit Letter
SIGAR issued one audit letter this reporting period.

**NEW SIGAR AUDIT LETTERS ISSUED AS OF APRIL 30, 2015**

<table>
<thead>
<tr>
<th>Report Identifier</th>
<th>Report Title</th>
<th>Date Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGAR Audit Letter 15-33-AL</td>
<td>Final Assessment of Incinerators and Burn Pits in Afghanistan</td>
<td>2/2015</td>
</tr>
</tbody>
</table>

Completed Performance Audits
SIGAR completed two performance audits during this reporting period.

**COMPLETED SIGAR PERFORMANCE AUDITS AS OF APRIL 30, 2015**

<table>
<thead>
<tr>
<th>Report Identifier</th>
<th>Report Title</th>
<th>Date Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGAR Audit 15-55-AR</td>
<td>Afghanistan’s Extractives Industry: $500 Million in U.S. Funding is at Risk</td>
<td>4/2015</td>
</tr>
<tr>
<td>SIGAR Audit 15-54-AR</td>
<td>Afghan National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data</td>
<td>4/2015</td>
</tr>
</tbody>
</table>

New Performance Audits
SIGAR initiated two performance audits during this reporting period.

**NEW SIGAR PERFORMANCE AUDITS AS OF APRIL 30, 2015**

<table>
<thead>
<tr>
<th>Audit Identifier</th>
<th>Project Title</th>
<th>Date Initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGAR 106A</td>
<td>Accountability for ANSF Organizational Clothing and Individual Equipment</td>
<td>12/2014</td>
</tr>
<tr>
<td>SIGAR 105A</td>
<td>USAID’s Efforts to Support and Improve Afghanistan’s Health Sector</td>
<td>11/2014</td>
</tr>
</tbody>
</table>

Ongoing Performance Audits
SIGAR had 12 audits in progress during this reporting period.

**ONGOING SIGAR PERFORMANCE AUDITS AS OF APRIL 30, 2015**

<table>
<thead>
<tr>
<th>Audit Identifier</th>
<th>Project Title</th>
<th>Date Initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGAR 104A</td>
<td>U.S. Efforts to Assist and Improve Afghanistan’s Primary and Secondary Education Systems</td>
<td>12/2014</td>
</tr>
<tr>
<td>SIGAR 103A</td>
<td>USAID Measuring Impacts of Stabilization Initiatives Program</td>
<td>11/2014</td>
</tr>
<tr>
<td>SIGAR 102A</td>
<td>Afghanistan Infrastructure Fund Follow-Up</td>
<td>11/2014</td>
</tr>
<tr>
<td>SIGAR 101A</td>
<td>Afghanistan Technical Equipment Maintenance Program (A-TEMP) for ANA Vehicle Maintenance and Capacity Building</td>
<td>10/2014</td>
</tr>
</tbody>
</table>

*Continued on the next page*
## Completed Financial Audits
SIGAR completed five financial audits during this reporting period.

<table>
<thead>
<tr>
<th>Report Identifier</th>
<th>Report Title</th>
<th>Date Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGAR Financial Audit 15-43-FA</td>
<td>Department of the Army’s Legacy East Project: Jorge Scientific Corporation’s Lack of Supporting Documentation Results in about $135 Million in Questionable Project Costs</td>
<td>4/2015</td>
</tr>
<tr>
<td>SIGAR Financial Audit 15-32-FA</td>
<td>Department of the Army’s Freedom of Maneuver Project: Audit of Costs Incurred by A-T Solutions Inc.</td>
<td>2/2015</td>
</tr>
</tbody>
</table>

## New Financial Audits
SIGAR initiated 13 financial audits during this reporting period.

<table>
<thead>
<tr>
<th>Audit Identifier</th>
<th>Project Title</th>
<th>Date Initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-081</td>
<td>State Grants Contract with Mine Detection Dog Center for Community-based Demining Project</td>
<td>3/2015</td>
</tr>
<tr>
<td>F-080</td>
<td>State Grants with The Halo Trust for Mine Clearance and Survey in Afghanistan</td>
<td>3/2015</td>
</tr>
<tr>
<td>F-079</td>
<td>DOD Contract with PRI DII, A Construction JV for construction of District HQ Uniform Police Station, Marjah</td>
<td>3/2015</td>
</tr>
<tr>
<td>F-078</td>
<td>DOD Contract with PRI DII, A Construction JV for construction of 4th Special Forces Kandak, Shindand</td>
<td>3/2015</td>
</tr>
<tr>
<td>F-077</td>
<td>DOD Contract with AMEC Earth &amp; Environmental Inc. for construction of Afghan Defense University, Qarghah</td>
<td>3/2015</td>
</tr>
</tbody>
</table>
NEW SIGAR FINANCIAL AUDIT AS OF APRIL 30, 2015 (CONTINUED)

<table>
<thead>
<tr>
<th>Audit Identifier</th>
<th>Project Title</th>
<th>Date Initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-075</td>
<td>DOD Contract with Gilbane Federal for construction of 1st Commando Brigade HQ &amp; Transient Kandak, Gardez</td>
<td>3/2015</td>
</tr>
<tr>
<td>F-073</td>
<td>DOD Contract with Environmental Chemical Corp. for construction of 2nd Special Forces Kandak, Kandahar</td>
<td>3/2015</td>
</tr>
<tr>
<td>F-072</td>
<td>DOD Contract with Mission Essential Personnel LLC for translation/linguist support services</td>
<td>3/2015</td>
</tr>
<tr>
<td>F-071</td>
<td>USAID Contract with Perini Management Services Inc. to implement the Irrigation and Watershed Management Program</td>
<td>2/2015</td>
</tr>
<tr>
<td>F-070</td>
<td>USAID Contract with University Research Company LLC for support to the Health Care Improvement Project</td>
<td>2/2015</td>
</tr>
<tr>
<td>F-069</td>
<td>USAID Cooperative Agreement with the American University of Afghanistan for academic program development and operating support</td>
<td>2/2015</td>
</tr>
</tbody>
</table>

Ongoing Financial Audits

SIGAR had 24 financial audits in progress during this reporting period.

ONGOING SIGAR FINANCIAL AUDITS AS OF APRIL 30, 2015

<table>
<thead>
<tr>
<th>Audit Identifier</th>
<th>Project Title</th>
<th>Date Initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-067</td>
<td>DOD TFB SO Contract with Zantech IT Services Inc. for Energy Support Services</td>
<td>11/2014</td>
</tr>
<tr>
<td>F-066</td>
<td>USDA Cooperative Agreement with the American Soybean Association for the Provision of Agricultural Commodities for Afghanistan through the Food for Progress Act</td>
<td>8/2014</td>
</tr>
<tr>
<td>F-064</td>
<td>DOD Contract with Raytheon Technical Services Company LLC for ANA depot support</td>
<td>4/2014</td>
</tr>
<tr>
<td>F-063</td>
<td>DOD Contract with DRS Technical Services Inc. for ANA Communications equipment service mentoring, systems engineering, technical assistance, training, and maintenance</td>
<td>4/2014</td>
</tr>
<tr>
<td>F-062</td>
<td>DOD Contract with Engility Corporation (L-3 MPRI) for support services to the MOI and ANP</td>
<td>4/2014</td>
</tr>
<tr>
<td>F-061</td>
<td>DOD Contract with Dyncorp, International LLC for mentoring and training services in support of the ANSF</td>
<td>4/2014</td>
</tr>
<tr>
<td>F-060</td>
<td>State contract with PAE Government Services Incorporated for technical support to the Justice Sector Support Program (JSSP)</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-058</td>
<td>State Grants with Women for Afghan Women for technical support for the promotion and protection of Afghan women's rights</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-057</td>
<td>State Grants with Clear Path International (CPI) for technical support to the Integrated Victim Assistance and Capacity Building Program</td>
<td>3/2014</td>
</tr>
</tbody>
</table>
## ONGOING SIGAR FINANCIAL AUDITS AS OF APRIL 30, 2015 (CONTINUED)

<table>
<thead>
<tr>
<th>Audit Identifier</th>
<th>Project Title</th>
<th>Date Initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-056</td>
<td>State Grants with Organization for Mine Clearance and Afghan Rehabilitation (OMAR) for mine and unexploded ordnance clearance</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-053</td>
<td>USAID Cooperative Agreement with Consortium For Elections and Political Process (CEPPS) for support to subnational government institutions in Regional Command-East and Regional Command-South</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-052</td>
<td>USAID Contract with AECOM International Development Inc. for technical support to Stabilization in Key Areas (SIKA)-West</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-051</td>
<td>USAID Contract with AECOM International Development Inc. for technical support to Stabilization in Key Areas (SIKA)-East</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-049</td>
<td>USAID Contract with International Relief and Development Inc. (IRD) for Engineering, Quality Assurance, and Logistical Support (EQUALS)</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-048</td>
<td>USAID Cooperative Agreement with Wildlife Conservation Society (WCS) for technical support to the Improving Livelihoods and Governance through Natural Resource Management Project (ILG-NRMP)</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-047</td>
<td>USAID Cooperative Agreement with Democracy International for technical support for Electoral Reform and Civic Advocacy (AERCA)</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-046</td>
<td>USAID Contract with AECOM International Development Inc. for technical support to Stabilization in Key Areas (SIKA)-South</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-045</td>
<td>USAID Cooperative Agreement with Consortium For Elections and Political Process (CEPPS) to support increased electoral participation in Afghanistan</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-044</td>
<td>USAID Cooperative Agreement with Internews Network for support to the Afghan Media Development and Empowerment Project (AMDEP)</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-043</td>
<td>USAID Contract with Tetra Tech to support Land Reform in Afghanistan</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-042</td>
<td>USAID Cooperative Agreement with International Relief and Development Inc. for technical support to the Afghanistan Civilian Assistance Program (ACAP II)</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-041</td>
<td>USAID Cooperative Agreement with International Relief and Development Inc. for technical support to the Southern Regional Agriculture Development Program (SRADP)</td>
<td>3/2014</td>
</tr>
<tr>
<td>F-038</td>
<td>DOD Contract with CACI Technologies Inc. for technical engineering, logistical engineering and fielding efforts</td>
<td>12/2013</td>
</tr>
</tbody>
</table>
APPENDICES

SIGAR INSPECTIONS

Completed Inspections
SIGAR completed three inspection during this reporting period.

<table>
<thead>
<tr>
<th>Report Identifier</th>
<th>Report Title</th>
<th>Date Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-50-IP</td>
<td>Shorandam Industrial Park: Poor Recordkeeping and Lack of Electricity Prevented a Full Inspection of this $7.8 Million Facility</td>
<td>4/2015</td>
</tr>
<tr>
<td>15-30-IP</td>
<td>Gonimar Industrial Park: Lack of Electricity and Water Have Left this $7.7 Million U.S.-Funded Industrial Park Underutilized by Afghan Businesses</td>
<td>1/2015</td>
</tr>
</tbody>
</table>

SIGAR SPECIAL PROJECTS

Completed Special Projects
SIGAR completed 14 Special Project products this reporting period.

<table>
<thead>
<tr>
<th>Report Identifier</th>
<th>Report Title</th>
<th>Date Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-47-SP</td>
<td>Inquiry Letter: Reliable and Sustainable Electric Power for Kandahar City</td>
<td>4/2015</td>
</tr>
<tr>
<td>15-44-SP</td>
<td>Inquiry Letter: USAID’s Promoting Gender Equity in National Priority Programs</td>
<td>3/2015</td>
</tr>
<tr>
<td>15-40-SP</td>
<td>Fact Sheet: DOD Contract Obligations</td>
<td>3/2015</td>
</tr>
<tr>
<td>15-35-SP</td>
<td>Referral Letter: Tank Truck Offload Facilities</td>
<td>2/2015</td>
</tr>
<tr>
<td>15-31-SP</td>
<td>Inquiry Letter: Second Request for TFBSO Documents</td>
<td>1/2015</td>
</tr>
</tbody>
</table>
SIGAR LESSONS LEARNED PROJECTS

Ongoing Lessons Learned Projects
SIGAR has two ongoing Lessons Learned projects this reporting period.

<table>
<thead>
<tr>
<th>Project Identifier</th>
<th>Project Title</th>
<th>Date Initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGAR-LL-02</td>
<td>U.S. Coordination with External Partners in Administering Aid</td>
<td>12/2014</td>
</tr>
<tr>
<td>SIGAR-LL-01</td>
<td>Interagency Coordination on Strategy and Planning</td>
<td>12/2014</td>
</tr>
</tbody>
</table>

New Lessons Learned Projects
SIGAR initiated one Lessons Learned project this reporting period.

<table>
<thead>
<tr>
<th>Project Identifier</th>
<th>Project Title</th>
<th>Date Initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGAR-LL-04</td>
<td>Counternarcotics in Afghanistan Reconstruction</td>
<td>4/2015</td>
</tr>
</tbody>
</table>

OTHER SIGAR WRITTEN PRODUCTS
This reporting period, Special Inspector General for Afghanistan Reconstruction, John F. Sopko, submitted one written testimony for the record.

<table>
<thead>
<tr>
<th>Testimony Identifier</th>
<th>Testimony Title</th>
<th>Testimony Submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGAR 15-36-TY</td>
<td>Statement for the Record-Improving the Effectiveness of U.S. Reconstruction Efforts in Afghanistan by Enhancing Oversight and Addressing Key Areas of High Risk</td>
<td>4/2015</td>
</tr>
</tbody>
</table>
APPENDIX D

SIGAR INVESTIGATIONS AND HOTLINE

SIGAR Investigations
This quarter, SIGAR opened 29 new investigations and closed 36, bringing the total number of open investigations to 324. Of the new investigations, most involved procurement and contract fraud, as shown in Figure D.1. Of the closed investigations, most were closed due to unfounded allegations, as shown in Figure D.2.

FIGURE D.1

SIGAR INVESTIGATIONS: NEW INVESTIGATIONS, JANUARY 1–MARCH 31, 2015

Total: 29


FIGURE D.2

SIGAR INVESTIGATIONS: CLOSED INVESTIGATIONS, JANUARY 1–MARCH 31, 2015

Unfounded Allegations: 18
Lack of Investigative Merit: 10
Administrative: 7
Referred Out: 1

Total: 36

SIGAR Hotline
Of the 94 Hotline complaints received this quarter, most were received electronically, as shown in Figure D.3. In addition to working on new complaints, the Investigations directorate continued its work this quarter on complaints received prior to October 1, 2014. This quarter, the directorate processed 122 complaints, most of which were closed, as shown in Figure D.4.

Suspensions and Debarments From SIGAR Referrals
SIGAR’s referrals for suspension and debarment as of March 31, 2015, are shown in chronological order in Table D.1.

Entries appearing in both the suspension and debarment sections are based upon their placement in suspended status following criminal indictment or determination of non-responsibility by agency suspension and debarment official. Final debarment was imposed following criminal conviction in U.S. Federal District Court and/or final determination by agency suspension and debarment official regarding term of debarment. SIGAR lists its suspensions, debarments and special entity designations for historical purposes only. The current status of any individual or entity listed herein please consult the System for Award Management, www.sam.gov.
### Special Entity Designations, Suspensions, and Debarments as of March 31, 2015

#### Special Entity Designations

| Company Name                                                                 |  
|------------------------------------------------------------------------------|---|
| Khan, Haji Mohammad Almas                                                    |   |
| Noh-E Safi Mining Company                                                    |   |
| Noor Rahman Company                                                          |   |
| Noor Rahman Construction Company                                            |   |
| Rahman, Nur, a.k.a. "Noor Rahman, a.k.a. "Noor Rahman Safa"                 |   |
| Rhaman, Mohammad                                                             |   |

#### Suspensions

| Company Name                                                                 |  
|------------------------------------------------------------------------------|---|
| Kabul Hackle Logistics Company                                              |   |
| Sharpway Logistics                                                           |   |
| United States California Logistics Company                                   |   |
| Yousef, Najeebullah                                                          |   |
| Rahimi, Mohammad Edris                                                       |   |
| Wooten, Philip Steven                                                        |   |
| Domeineck, Lavette Kaye                                                     |   |
| Markwith, James                                                              |   |
| All Points International Distributors, Inc.                                  |   |
| Cipolla, James                                                               |   |
| Hercules Global Logistics                                                    |   |
| Schroeder, Robert                                                            |   |
| AISC LLC                                                                     |   |
| American International Security Corporation                                  |   |
| Brothers, Richard S.                                                          |   |
| David A Young Construction & Renovation Inc.                                 |   |
| Force Direct Solutions LLC                                                   |   |
| Harris, Christopher                                                          |   |
| Hernando County Holdings LLC                                                 |   |
| Hide-A-Wreck LLC                                                             |   |
| Panthers LLC                                                                 |   |
| Paper Mill Village Inc.                                                      |   |
| Shroud Line LLC                                                              |   |
| Spada, Carol                                                                 |   |
| Taylor, Michael                                                              |   |
| Welventure LLC                                                               |   |
| World Wide Trainers LLC                                                      |   |
| Young, David                                                                 |   |
| Espinoza, Mauricio                                                           |   |
| Long, Tonya                                                                  |   |
| Brophy, Kenneth Michael                                                      |   |
| Rivera-Medina, Franklin Delano                                               |   |
| Peace Thru Business                                                          |   |
| Pudenz, Adam Jeff Janus                                                       |   |
| Elham, Yaser, a.k.a. "Najibullah Saadullah"                                  |   |
| Everest Faizy Logistics Services                                             |   |
| Faizy Elham Brothers Ltd.                                                    |   |
| Faizy, Rohullah                                                              |   |
| Hekmat Shadman General Trading LLC                                           |   |
| Hekmat Shadman, Ltd., d.b.a. "Hikmat Shadman Ltd."                           |   |
| Hikmat Shadman Construction and Supply Company                               |   |
| Saif Hikmat Construction Logistic Services and Supply Co.                   |   |
| Travis, James Edward                                                         |   |
| Sherzai, Akbar Ahmed                                                         |   |
| Bertolini, Robert L.                                                          |   |
| Kahn, Haroon Shams, a.k.a. "Haroon Shams"                                    |   |
| Shams Constructions Limited                                                  |   |
| Shams General Services and Logistics Unlimited                               |   |
| Shams Group International, d.b.a. “Shams Group International FZE”            |   |
| Shams London Academy                                                         |   |
| Shams Production                                                             |   |
### TABLE D.1 (CONTINUED)

#### SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF MARCH 31, 2015 (CONTINUED)

<table>
<thead>
<tr>
<th>SUSPENSIONS (CONTINUED)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Autry, Cleo Brian</td>
<td>Ciampa, Christopher</td>
<td>Wazne, Ayman, a.k.a. “Ayman Ibrahim Wazne”</td>
</tr>
<tr>
<td>Chamberlain, William Todd</td>
<td>Casillas, Luis Ramon</td>
<td>Hampton, Seneca Darrell</td>
</tr>
<tr>
<td>Cook, Jeffrey Arthur</td>
<td>International Contracting and Development</td>
<td>Green, George E.</td>
</tr>
<tr>
<td>Swim, Alexander</td>
<td>Stallion Construction and Engineering Group</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEBARMENTS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Farooqi, Hashmatullah</td>
<td>Midfield International</td>
<td>Shaheed, Murad</td>
</tr>
<tr>
<td>Hamid Lais Construction Company</td>
<td>Moore, Robert G.</td>
<td>Shirzad, Daulet Khan</td>
</tr>
<tr>
<td>Hamid Lais Group</td>
<td>Noori, Noor Alam, a.k.a. “Noor Alam”</td>
<td>Uddin, Mehrab</td>
</tr>
<tr>
<td>Lodin, Rohullah Farooqi</td>
<td>Northern Reconstruction Organization</td>
<td>Watson, Brian Erik</td>
</tr>
<tr>
<td>Bennett &amp; Fouch Associates LLC</td>
<td>Shamal Pamir Building and Road Construction Company</td>
<td>Wooten, Philip Steven</td>
</tr>
<tr>
<td>Brandon, Gary</td>
<td>Wade, Desi D.</td>
<td>Espinoza, Mauricio</td>
</tr>
<tr>
<td>KS Global</td>
<td>Blue Planet Logistics Services</td>
<td>Alam, Ahmed Farzad</td>
</tr>
<tr>
<td>Ahmad, Noor</td>
<td>Mahmodi, Pedras</td>
<td>Greenlight General Trading</td>
</tr>
<tr>
<td>Noor Ahmad Yousefzai Construction Company</td>
<td>Mahmodi, Shikab</td>
<td>Aaria Middle East Company LLC</td>
</tr>
<tr>
<td>Ayeni, Sheryll Adenike</td>
<td>Saber, Mohammed</td>
<td>Aaria Middle East Company Ltd. – Herat</td>
</tr>
<tr>
<td>Cannon, Justin</td>
<td>Watson, Brian Erik</td>
<td>Aaria M.E. General Trading LLC</td>
</tr>
<tr>
<td>Constantino, April Anne</td>
<td>Abbasi, Shahpoor</td>
<td>Aaria Middle East</td>
</tr>
<tr>
<td>Constantino, Dee</td>
<td>Amir, Waheedullah</td>
<td>Barkzai, Nangialai</td>
</tr>
<tr>
<td>Constantino, Ramil Palmes</td>
<td>Atal, Waheed</td>
<td>Formid Supply and Services</td>
</tr>
<tr>
<td>Citty, Braam</td>
<td>Daud, Abdulrah</td>
<td>Aaria Supply Services and Consultancy</td>
</tr>
<tr>
<td>Droiteff, Christopher</td>
<td>Dehhat, Abdul Majid</td>
<td>Kabul Hackle Logistics Company</td>
</tr>
<tr>
<td>Fil-Tech Engineering and Construction Company</td>
<td>Fadi, Qais</td>
<td>Yousef, Najeebullah</td>
</tr>
<tr>
<td>Handa, Siddharth</td>
<td>Hamdard, Mohammad Yousuf</td>
<td>Aaria Group</td>
</tr>
<tr>
<td>Jabak, Imad</td>
<td>Kunari, Haji Pir Mohammad</td>
<td>Aaria Group Construction Company</td>
</tr>
<tr>
<td>Jamally, Rohullah</td>
<td>Mushfiq, Mohammad Jaffar</td>
<td>Aaria Supplies Company LTD</td>
</tr>
<tr>
<td>Khalid, Mohammad</td>
<td>Mutalib, Abdul</td>
<td>Rahimi, Mohammad Edris</td>
</tr>
<tr>
<td>Khan, Daro</td>
<td>Nasrat, Sami</td>
<td>All Points International Distributors Inc.</td>
</tr>
<tr>
<td>Mariano, April Anne Perez</td>
<td>National General Construction Company</td>
<td>Hercules Global Logistics</td>
</tr>
<tr>
<td>McCabe, Elton Maurice</td>
<td>Passerly, Ahmad Saleem</td>
<td>Schroeder, Robert</td>
</tr>
<tr>
<td>Mihalczko, John</td>
<td>Rabi, Faizal</td>
<td>Helmand Twinkle Construction Company</td>
</tr>
<tr>
<td>Qasimi, Mohammed Indress</td>
<td>Rahman, Atta</td>
<td>Waziri, Heward Omar</td>
</tr>
<tr>
<td>Radhi, Mohammad Khalid</td>
<td>Rahman, Faizal</td>
<td>Zadr, Mohammad</td>
</tr>
<tr>
<td>Shin Gul Shaheen, a.k.a. “Sheen Gul Shaheen”</td>
<td>Saber, Mohammed</td>
<td>Mirzali Naseeb Construction Company</td>
</tr>
<tr>
<td>Espinoza-Loor, Pedro Alfredo</td>
<td>Safi, Aizizur Rahman</td>
<td>Montes, Dihana</td>
</tr>
<tr>
<td>Campbell, Neil Patrick</td>
<td>Safi, Matullah</td>
<td>Naseeb, Mirzali</td>
</tr>
<tr>
<td>Navarro, Wesley</td>
<td>Sahak, Sher Khan</td>
<td>Robinson, Franz Martin</td>
</tr>
<tr>
<td>Hazrat, Arash</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Debarments (continued)

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smith, Nancy</td>
<td></td>
</tr>
<tr>
<td>Sultani, Abdul Anas</td>
<td>a.k.a. “Abdul Anas”</td>
</tr>
<tr>
<td>Faqir, Shir</td>
<td></td>
</tr>
<tr>
<td>Hosmat, Haj</td>
<td></td>
</tr>
<tr>
<td>Jim Black Construction Company</td>
<td></td>
</tr>
<tr>
<td>Garst, Donald</td>
<td></td>
</tr>
<tr>
<td>Mukhtar, Abdul</td>
<td>a.k.a. “Abdul Kubar”</td>
</tr>
<tr>
<td>Noort Mahgr Construction Company</td>
<td></td>
</tr>
<tr>
<td>Noort, Sherin Agha</td>
<td></td>
</tr>
<tr>
<td>Long, Tonya</td>
<td></td>
</tr>
<tr>
<td>Isranuddin, Burhanuddin</td>
<td></td>
</tr>
<tr>
<td>Matun, Navidullah</td>
<td>a.k.a. “Javid Ahmad”</td>
</tr>
<tr>
<td>Matun, Wahidullah</td>
<td></td>
</tr>
<tr>
<td>Navid Basir Construction Company</td>
<td></td>
</tr>
<tr>
<td>Navid Basir JV Gagar Baba Construction Company</td>
<td></td>
</tr>
<tr>
<td>NBCC &amp; GBCC JV</td>
<td></td>
</tr>
<tr>
<td>Noort, Navid</td>
<td></td>
</tr>
<tr>
<td>Ashmatullah, Mahmood</td>
<td>a.k.a. “Mahmood”</td>
</tr>
<tr>
<td>Khan, Gul</td>
<td></td>
</tr>
<tr>
<td>Khan, Solomon Sherdad</td>
<td>a.k.a. “Solomon”</td>
</tr>
<tr>
<td>Mursalin, Ikramullah</td>
<td>a.k.a. “Ikramullah”</td>
</tr>
<tr>
<td>Musafer, Naseem</td>
<td>a.k.a. “Naseem”</td>
</tr>
<tr>
<td>Ali, Esrar</td>
<td></td>
</tr>
<tr>
<td>Gul, Ghanzi</td>
<td></td>
</tr>
<tr>
<td>Luqman Engineering Construction Company, d.b.a. “Luqman Engineering”</td>
<td></td>
</tr>
<tr>
<td>Safiullah, a.k.a. “Mr. Safiullah”</td>
<td></td>
</tr>
<tr>
<td>Sarfazee, a.k.a. “Mr. Sarfazee”</td>
<td></td>
</tr>
<tr>
<td>Wazir, Khan</td>
<td></td>
</tr>
<tr>
<td>Akbar, Ali</td>
<td></td>
</tr>
<tr>
<td>Crystal Construction Company, d.b.a. “Samitullah Road Construction Company”</td>
<td></td>
</tr>
<tr>
<td>Samitullah (Individual uses only one name)</td>
<td></td>
</tr>
<tr>
<td>Ashna, Mohammad Ibrahim</td>
<td>a.k.a. “Ibrahim”</td>
</tr>
<tr>
<td>Gurvinder, Singh</td>
<td></td>
</tr>
<tr>
<td>Jahan, Shah</td>
<td></td>
</tr>
<tr>
<td>Aliyas, Maiwand Ansunnah</td>
<td>a.k.a. “Engineer Maiwand Alysas”</td>
</tr>
<tr>
<td>BMSC</td>
<td>Maiwand Haqmal Construction and Supply Company</td>
</tr>
<tr>
<td>Riders Construction, Services, Logistics and Transportation Company</td>
<td></td>
</tr>
<tr>
<td>Riders Group of Companies</td>
<td></td>
</tr>
<tr>
<td>Domineck, Lavette Kaye</td>
<td></td>
</tr>
<tr>
<td>Martiniz, Rene</td>
<td></td>
</tr>
<tr>
<td>Maroof, Abdul</td>
<td></td>
</tr>
<tr>
<td>Qara, Yousef</td>
<td></td>
</tr>
<tr>
<td>Royal Palace Construction Company</td>
<td></td>
</tr>
<tr>
<td>Bradshaw, Christopher Chase</td>
<td></td>
</tr>
<tr>
<td>Zulhra Productions</td>
<td></td>
</tr>
<tr>
<td>Zulhra, Niazai</td>
<td></td>
</tr>
<tr>
<td>Boulware, Candice a.k.a. “Candice Joy Dawkins”</td>
<td></td>
</tr>
<tr>
<td>Dawkins, John</td>
<td></td>
</tr>
<tr>
<td>Mesopotamia Group LLC</td>
<td></td>
</tr>
<tr>
<td>Nordlof, Geoffrey</td>
<td></td>
</tr>
<tr>
<td>Kieffer, Jerry</td>
<td></td>
</tr>
<tr>
<td>Johnson, Angela</td>
<td></td>
</tr>
<tr>
<td>CNH Development Company LLC</td>
<td></td>
</tr>
<tr>
<td>Johnson, Keith</td>
<td></td>
</tr>
<tr>
<td>Military Logistic Support LLC</td>
<td></td>
</tr>
<tr>
<td>Elser, John</td>
<td></td>
</tr>
<tr>
<td>Taurus Holdings LLC</td>
<td></td>
</tr>
<tr>
<td>Brophy, Kenneth Michael</td>
<td></td>
</tr>
<tr>
<td>Abdul Haq Foundation</td>
<td></td>
</tr>
<tr>
<td>Adajar, Adonis</td>
<td></td>
</tr>
<tr>
<td>Calhoun, Josh W.</td>
<td></td>
</tr>
<tr>
<td>Clark Logistic Services Company, d.b.a. “Clark Construction Company”</td>
<td></td>
</tr>
<tr>
<td>Farkas, Janos</td>
<td></td>
</tr>
<tr>
<td>Flordeliz, Alex E</td>
<td></td>
</tr>
<tr>
<td>Knight, Michael T., II</td>
<td></td>
</tr>
<tr>
<td>Lozado, Gary</td>
<td></td>
</tr>
<tr>
<td>Mijares, Armando N., Jr.</td>
<td></td>
</tr>
<tr>
<td>Mullakhiel, Wadir Abdullahmatin</td>
<td></td>
</tr>
<tr>
<td>Rainbow Construction Company</td>
<td></td>
</tr>
<tr>
<td>Sardar, Hassan</td>
<td>a.k.a. “Hassan Sardar Inqilab”</td>
</tr>
<tr>
<td>Shah, Mohammad Nadir</td>
<td>a.k.a. “Nader Shah”</td>
</tr>
<tr>
<td>Tito, Regier</td>
<td></td>
</tr>
<tr>
<td>Brown, Charles Phillip</td>
<td></td>
</tr>
<tr>
<td>Sheren, Fasela</td>
<td>a.k.a. “Sheren Fasela”</td>
</tr>
<tr>
<td>Anderson, Jesse Montel</td>
<td></td>
</tr>
<tr>
<td>Charboneau, Stephanie, a.k.a. “Stephanie Shankel”</td>
<td></td>
</tr>
<tr>
<td>Hightower, Jonathan</td>
<td></td>
</tr>
<tr>
<td>Khan, Noor Zali</td>
<td>a.k.a. “Wali Kahn Noor”</td>
</tr>
<tr>
<td>Weaver, Christopher</td>
<td></td>
</tr>
<tr>
<td>Al Kaheel Oasis Services</td>
<td></td>
</tr>
<tr>
<td>Al Kaheel Technical Service</td>
<td></td>
</tr>
<tr>
<td>CLC Construction Company</td>
<td></td>
</tr>
<tr>
<td>CLC Consulting L.L.C.</td>
<td></td>
</tr>
<tr>
<td>Complete Manpower Solutions</td>
<td></td>
</tr>
<tr>
<td>Mohammed, Masiuddin, a.k.a. “Masi Mohammed”</td>
<td></td>
</tr>
<tr>
<td>Rhoden, Bradley L., a.k.a. “Brad L. Rhoden”</td>
<td></td>
</tr>
<tr>
<td>Rhoden, Lorraine Serena</td>
<td></td>
</tr>
<tr>
<td>Royal Super Jet General Trading L.L.C.</td>
<td></td>
</tr>
<tr>
<td>Super Jet Construction Company</td>
<td></td>
</tr>
<tr>
<td>Super Jet Fuel Services</td>
<td></td>
</tr>
<tr>
<td>Super Jet Group</td>
<td></td>
</tr>
<tr>
<td>Super Jet Tours L.L.C., d.b.a. “Super Jet Travel and Holidays L.L.C.”</td>
<td></td>
</tr>
<tr>
<td>Super Solutions L.L.C.</td>
<td></td>
</tr>
<tr>
<td>Abdullah, Bilal</td>
<td></td>
</tr>
<tr>
<td>Farmer, Robert Scott</td>
<td></td>
</tr>
<tr>
<td>Muddynelagle, Oliver</td>
<td></td>
</tr>
<tr>
<td>Kelly, Albert, III</td>
<td></td>
</tr>
<tr>
<td>Ethridge, James</td>
<td></td>
</tr>
<tr>
<td>Fernndge Strategic Partners</td>
<td></td>
</tr>
<tr>
<td>AISL LLC</td>
<td></td>
</tr>
<tr>
<td>American International Security Corporation</td>
<td></td>
</tr>
<tr>
<td>David A Young Construction &amp; Renovation Inc.</td>
<td></td>
</tr>
<tr>
<td>Force Direct Solutions LLC</td>
<td></td>
</tr>
<tr>
<td>Harris, Christopher</td>
<td></td>
</tr>
<tr>
<td>Hernando County Holdings LLC</td>
<td></td>
</tr>
<tr>
<td>Hide-A-Wreck LLC</td>
<td></td>
</tr>
<tr>
<td>Panthers LLC</td>
<td></td>
</tr>
<tr>
<td>Paper Mill Village Inc.</td>
<td></td>
</tr>
</tbody>
</table>
### SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF MARCH 31, 2015 (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Emar-E-Sarey Construction Company</td>
<td>Muhammad, Pianda</td>
<td>Afghani Royal First Logistics, d.b.a. “Afghani Royal”</td>
</tr>
<tr>
<td>Lakeshore Engineering Services, Inc.</td>
<td></td>
<td>Enayatullah, son of Hafizullah</td>
</tr>
<tr>
<td>Lakeshore Engineering Services/Toltest JV LLC</td>
<td></td>
<td>Farhas, Ahmad</td>
</tr>
<tr>
<td>Lakeshore Toltest – Rentenbach JV LLC</td>
<td></td>
<td>Inland Holdings Inc.</td>
</tr>
<tr>
<td>Lakeshore Toltest Guarm LLC</td>
<td></td>
<td>Intermaax Inc</td>
</tr>
<tr>
<td>Lakeshore Toltest JV LLC</td>
<td></td>
<td>Karkar, Shah Wali</td>
</tr>
<tr>
<td>Lakeshore Toltest RRCC JV LLC</td>
<td></td>
<td>Sandman Security Services</td>
</tr>
<tr>
<td>Lakeshore Toltest/crows JV LLC</td>
<td></td>
<td>Siddiki, Atta</td>
</tr>
<tr>
<td>Lakeshore Toltest METAG JV LLC</td>
<td></td>
<td>Specialty Bunkering</td>
</tr>
<tr>
<td>LTC &amp; Metawater JV LLC</td>
<td></td>
<td>Spidle, Chris Calvin</td>
</tr>
<tr>
<td>LTC Holdings Inc.</td>
<td></td>
<td>Vulcan Amps Inc</td>
</tr>
<tr>
<td>LTC Italia SRL</td>
<td></td>
<td>Worldwide Cargomasters</td>
</tr>
<tr>
<td>LTCCORP Commercial LLC</td>
<td></td>
<td>Castillo, Alfredo, Jr.</td>
</tr>
<tr>
<td>LTCCORP E&amp;C Inc.</td>
<td></td>
<td>Abbasi, Asim</td>
</tr>
<tr>
<td>LTCCORP Government Services - OH Inc.</td>
<td></td>
<td>Muturi, Samuel</td>
</tr>
<tr>
<td>LTCCORP Government Services Inc.</td>
<td></td>
<td>Mwakio, Shannel</td>
</tr>
<tr>
<td>LTCCORP Government Services-MI Inc.</td>
<td></td>
<td>Ahmad, Jaweed</td>
</tr>
<tr>
<td>LTCCORP D&amp;G LLC</td>
<td></td>
<td>Ahmad, Masood</td>
</tr>
<tr>
<td>LTCCORP Renewables LLC</td>
<td></td>
<td>A &amp; J Total Landscapes</td>
</tr>
<tr>
<td>LTCCORP Inc.</td>
<td></td>
<td>Aryana Green Light Support Services</td>
</tr>
<tr>
<td>LTCCORP/Kaya Djibouti LLC</td>
<td></td>
<td>Mohammad, Sardar, a.k.a. “Sardar Mohammad Barakzai”</td>
</tr>
<tr>
<td>LTCCORP/Kaya East Africa LLC</td>
<td></td>
<td>Pittman, James C., a.k.a. “Carl Pittman”</td>
</tr>
<tr>
<td>LTCCORP/Kaya Romania LLC</td>
<td></td>
<td>Peapun, Clayton</td>
</tr>
<tr>
<td>LTCCORP/Kaya Rwanda LLC</td>
<td></td>
<td>Wiley, Patrick</td>
</tr>
</tbody>
</table>
APPENDIX E

ANNOUNCEMENT OF LEAD IG FOR OPERATION FREEDOM’S SENTINEL

April 1, 2015

The Honorable Joa T. Rymer
Inspector General
Department of Defense
4800 Mark Center Drive, Suite 15027
Alexandria, VA 22350-1500

Dear Inspector General Rymer:

As you are aware, by order of the Secretary of Defense, Operation ENDURING FREEDOM (OEF) concluded on January 1, 2015, and Operation FREEDOM’S SENTINEL (OFS) commenced. As the Secretary of Defense noted on December 26, 2014, OFS will pursue two missions. The first is to work with U.S. allies and partners as part of NATO’s Resolute Support mission to continue training, advising, and assisting Afghan security forces. The second is to continue our counterterrorism mission against the remnants of Al-Qaeda to ensure that Afghanistan is never again used to stage attacks against our homeland. As determined by the Secretary of Defense, OFS is a contingency operation as defined by 10 U.S.C. §101(a)(13). Counsel for CIGIE has conferred with your General Counsel and confirmed, through him, that the Office of the General Counsel for the Department of Defense considers OFS to be a new and separate overseas contingency operation and not merely a renaming of OEF.

Accordingly, pursuant to §8L(b)(1) of the Inspector General (IG) Act of 1978, as amended, 5 U.S.C. App. 3, I am required to designate a Lead Inspector General (LIG) for this overseas contingency operation (see enclosure) and am hereby appointing you as the LIG. I appreciate your willingness to lead this initiative, in coordination with the Hon. Steve Linick, Inspector General, Department of State and Ms. Catherine Trujillo, Acting Deputy Inspector General, Agency for International Development.

Additionally, I am aware that you have contacted the Hon. John F. Sopko, Special Inspector General for Afghanistan Reconstruction (SIGAR). As with the previous oversight of U.S. and coalition activities in Afghanistan by the
IGs specified in §8L(c) of the IG Act and SIGAR, it is important that the LIG- OFS and SIGAR cooperate and closely coordinate their current oversight missions. SIGAR’s mission, as stated in Section 1229 of the National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, 122 Stat. 378-85 (2008), includes providing for the independent and objective conduct and supervision of audits and investigations relating to programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. Additionally, pursuant to Section 842, the SIGAR performs audits to identify waste, fraud, and abuse in Federal agency contracts, subcontracts, and task and delivery orders for the performance of security and reconstruction functions in Afghanistan. Both Sections 842(d) and 1229(b)(4) contemplate coordination and close cooperation between the SIGAR and the IGs specified in §8L(c) of the IG Act. Nothing in this designation is intended to limit or otherwise affect the authority and responsibilities of SIGAR as provided in the National Defense Authorization Act for Fiscal Year 2008.

If CIGIE can be of any further assistance, please do not hesitate to contact me.

Sincerely,

Michael E. Horowitz
Chair

Enclosure

cc: IG, Department of State
IG, Agency for International Development
IG, SIGAR
CIGIE Executive Director
CIGIE Executive Chairpersons
By order of the Secretary of Defense, Operation ENDURING FREEDOM (OEF) concluded on January 1, 2015, and Operation FREEDOM’S SENTINEL (OFS) commenced. Under the direction of the Secretary, OFS has two primary missions. First, in conjunction with U.S. allies and partners supporting NATO’s Resolute Support Mission, OFS continues training, advising, and assisting Afghan security forces. Second, it engages in counterterrorism missions against the remnants of Al-Qaeda to ensure that attacks against the U.S. are never again staged from Afghanistan. As determined by the Secretary, OFS is a contingency operation as defined by 10 U.S.C. §101(a)(13). Pursuant to this, as well as §849 of Public Law 112-239, OFS is an overseas contingency operation.

Section 8L of the Inspector General Act of 1978, 5 U.S.C. app., as amended, (IG Act), assigns the Chair of the Council of Inspectors General on Integrity and Efficiency (CIGIE) the following responsibilities:

1. In consultation with the Inspectors General of the Department of Defense (DoD), the State Department (DOS) and the United States Agency for International Development (USAID), designate a lead Inspector General to discharge the authorities of the lead Inspector General for the OCO concerned.

2. Resolve conflicts of jurisdiction among the DoD, DOS and USAID Inspectors General on investigations, inspections and audits with respect to such OCO.

3. Assist the lead Inspector General in identifying other Inspectors General and inspector general office personnel available to assist the lead Inspector General (and the remaining two Inspectors General from the DoD, DOS, or USAID) on matters relating to such OCO.

See U.S.C. app., §8L(b).

In accordance with my authority under §8L of the IG Act, and after consulting with the DoD, DOS and USAID Inspectors General, I hereby designate Jon T. Rymer, Inspector General, DoD, as the lead Inspector General for the above-referenced OCO.

Executed this 30th day of April, 2015.

Michael E. Horowitz
Chair
Council of the Inspectors General on Integrity and Efficiency

1717 H Street, NW, Suite 235, Washington, DC 20006
Appendices

The Honorable Claire McCaskill
United States Senate
Washington, D.C. 20510

Dear Senator McCaskill,

During the Senate Armed Services Committee hearing "U.S. Central Command, U.S. Africa Command and U.S. Special Operations Command Programs and Budget" on March 26, 2015, you asked a number of questions concerning inspector general oversight of Operation ENDURING FREEDOM’S SENTINEL (OFS). In light of your questions, I wanted to provide you some additional information.

As you may know, by order of the Secretary of Defense, Operation ENDURING FREEDOM concluded on January 1, 2015, and OFS commenced. As Secretary Hagel noted on December 30, 2014, OFS will pursue two missions. The first is to work with U.S. allies and partners as part of NATO’s Resolute Support mission to continue training, advising, and assisting Afghan security forces. The second is to continue our counterterrorism mission against the remnants of Al-Qaeda to ensure that Afghanistan is never again used to stage attacks against our homeland. As determined by the Secretary, OFS is a contingency operation as defined by 10 U.S.C. §101(a)(3).

I have notified the Chair of the Council of the Inspector General on Integrity and Efficiency (CIGIE) that, pursuant to §§6, (b)(1) and (d)(1) of the IG Act of 1978, as amended, the 30-day period for the Chair to consult with the three IGs identified in §§7, (c) and appoint a Lead Inspector General (LIG) for OFS commenced on March 3, 2015. In doing so, I reminded the Chair of the valuable and ongoing oversight and reporting currently being conducted by the Special Inspector General for Afghanistan Reconstruction (SIGAR) and the requirement for the LIG to provide similar oversight and information to Congress.

Subsequently, upon hearing about your question as to the applicability of LIG provisions of §§6, of IG Act to OFS, my General Counsel spoke to the Legal Counsel to the Chairman of the Joint Chiefs of Staff, as well as the Deputy General Counsel (Personnel & Health Policy), who informally consulted with the Office of the Deputy IG (International Affairs). Both offices agree with our view that OFS is a new overseas contingency operation (OCO).

Because of the oversight provided by SIGAR, coupled with comprehensive interagency and interdepartmental oversight currently coordinated via the Southwest Asia Joint Planning Group sponsored by this office, we understand significant oversight capability currently exists in Afghanistan. However, since OFS is a new OCO, the obligation of the CIGIE Chair is to designate a LIG in order to facilitate discharge our IG Act responsibilities. We will do so in coordination with SIGAR to avoid duplication of effort and ensure compliance with the law in the most efficient manner possible.
I appreciate your long-standing support of our oversight initiatives within the Department of Defense and, most recently, regarding overseas contingency operations. Should you have any questions regarding this matter, please contact me or Ms. Lynn Cashion, Acting Chief of Communications Affairs at (703) 694-8324.

Sincerely,

Jon T. Rymer

c.c.
The Honorable John Mica, Chairman, Committee on Armed Services
The Honorable Jack Reed, Ranking Member, Committee on Armed Services
The Honorable Ron Johnson, Chairman, Committee on Homeland Security and Government Affairs
The Honorable Thomas R. Carper, Ranking Member, Committee on Homeland Security and Government Affairs
Chair, CGIIE
IG, Department of State
IG, Agency for International Development
Special Inspector General for Afghanistan Reconstruction
IG, CENTCOM
### APPENDIX F

#### ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>ACRONYM OR ABBREVIATION</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEEP</td>
<td>Afghan Agricultural Extension Program</td>
</tr>
<tr>
<td>AAF</td>
<td>Afghan Air Force</td>
</tr>
<tr>
<td>ABADE</td>
<td>Assistance in Building Afghanistan by Developing Enterprises</td>
</tr>
<tr>
<td>ABP</td>
<td>Afghan Border Police</td>
</tr>
<tr>
<td>ACAP</td>
<td>Afghan Civilian Assistance Program</td>
</tr>
<tr>
<td>ACE</td>
<td>Agricultural Credit Enhancement</td>
</tr>
<tr>
<td>ACU</td>
<td>Anticorruption Unit</td>
</tr>
<tr>
<td>AD</td>
<td>Alternative Development</td>
</tr>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>ADF</td>
<td>Agricultural Development Fund</td>
</tr>
<tr>
<td>AECA</td>
<td>Arms Export Control Act</td>
</tr>
<tr>
<td>AETF-A</td>
<td>9th Air and Space Expeditionary Task Force-Afghanistan (U.S.)</td>
</tr>
<tr>
<td>AFMIS</td>
<td>Afghan Financial Management Information System</td>
</tr>
<tr>
<td>AFN</td>
<td>Afghanis (currency—Afghan nationals are Afghans)</td>
</tr>
<tr>
<td>AGO</td>
<td>Attorney General’s Office</td>
</tr>
<tr>
<td>AGS</td>
<td>Afghan Geological Survey</td>
</tr>
<tr>
<td>AIB</td>
<td>Afghanistan International Bank</td>
</tr>
<tr>
<td>AIF</td>
<td>Afghanistan Infrastructure Fund</td>
</tr>
<tr>
<td>AIHRC</td>
<td>Afghanistan Independent Human Rights Commission</td>
</tr>
<tr>
<td>AISA</td>
<td>Afghan Investment Support Agency</td>
</tr>
<tr>
<td>AITF</td>
<td>Afghanistan Infrastructure Trust Fund</td>
</tr>
<tr>
<td>ALBA</td>
<td>Assistance to Legislative Bodies of Afghanistan</td>
</tr>
<tr>
<td>ALP</td>
<td>Afghan Local Police</td>
</tr>
<tr>
<td>AML/CFT</td>
<td>Anti-Money Laundering and Combating the Financing of Terrorism</td>
</tr>
<tr>
<td>ANA</td>
<td>Afghan National Army</td>
</tr>
<tr>
<td>ANASOC</td>
<td>ANA Special Operations Command</td>
</tr>
<tr>
<td>ANCOP</td>
<td>Afghan National Civil Order of Police</td>
</tr>
<tr>
<td>ANP</td>
<td>Afghan National Police</td>
</tr>
<tr>
<td>ANSF</td>
<td>Afghan National Security Forces</td>
</tr>
<tr>
<td>ANUDUS</td>
<td>Afghanistan National Urban Drug Use Study</td>
</tr>
<tr>
<td>APA</td>
<td>Afghanistan Petroleum Authority</td>
</tr>
<tr>
<td>APG</td>
<td>Asia/Pacific Group on Money Laundering</td>
</tr>
<tr>
<td>APPF</td>
<td>Afghan Public Protection Force</td>
</tr>
<tr>
<td>APRP</td>
<td>Afghan Peace and Reintegration Plan</td>
</tr>
<tr>
<td>ARP</td>
<td>Afghanistan Reintegration Program</td>
</tr>
<tr>
<td>ARTF</td>
<td>Afghanistan Reconstruction Trust Fund</td>
</tr>
<tr>
<td>ASFF</td>
<td>Afghanistan Security Forces Fund</td>
</tr>
<tr>
<td>ASI</td>
<td>Afghan Security Institutions</td>
</tr>
<tr>
<td>ATAR</td>
<td>Afghanistan Trade and Revenue Project</td>
</tr>
<tr>
<td>AUAF</td>
<td>American University of Afghanistan</td>
</tr>
<tr>
<td>AUP</td>
<td>Afghan Uniform Police</td>
</tr>
<tr>
<td>AWDP</td>
<td>Afghan Workforce Development Program</td>
</tr>
<tr>
<td>BAF</td>
<td>Bagram Air Field</td>
</tr>
</tbody>
</table>

*Continued on the next page*
## APPENDICES

<table>
<thead>
<tr>
<th>ACRONYM OR ABBREVIATION</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>BELT</td>
<td>Basic Education, Literacy, and Technical-Vocational Education and Training</td>
</tr>
<tr>
<td>BRCC</td>
<td>BAF Regional Contracting Center</td>
</tr>
<tr>
<td>CASEVAC</td>
<td>capability to perform casualty evacuation</td>
</tr>
<tr>
<td>CBE</td>
<td>Community Based Education</td>
</tr>
<tr>
<td>CBR</td>
<td>Capacity Building for Results</td>
</tr>
<tr>
<td>CCI</td>
<td>Community Cohesion Initiative</td>
</tr>
<tr>
<td>CCWG</td>
<td>Counter Corruption Working Group</td>
</tr>
<tr>
<td>CENTCOM</td>
<td>U.S. Central Command</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CERP</td>
<td>Commander's Emergency Response Program</td>
</tr>
<tr>
<td>CHAMP</td>
<td>Commercial Horticulture and Agricultural Marketing Program</td>
</tr>
<tr>
<td>CIGIE</td>
<td>Council of the Inspectors General on Integrity and Efficiency</td>
</tr>
<tr>
<td>CLRWG</td>
<td>Criminal Law Reform Working Group</td>
</tr>
<tr>
<td>CM</td>
<td>capability milestone</td>
</tr>
<tr>
<td>CMS</td>
<td>case-management system</td>
</tr>
<tr>
<td>CNCE</td>
<td>Counter Narcotics Community Engagement</td>
</tr>
<tr>
<td>CNPA</td>
<td>Counternarcotics Police of Afghanistan</td>
</tr>
<tr>
<td>COR</td>
<td>contracting officer's representative</td>
</tr>
<tr>
<td>CRD</td>
<td>Complex Resolution Division</td>
</tr>
<tr>
<td>CSO</td>
<td>Central Statistics Organization (Afghan)</td>
</tr>
<tr>
<td>CSTC-A</td>
<td>Combined Security Transition Command-Afghanistan</td>
</tr>
<tr>
<td>CIAT</td>
<td>Commanders’ Unit Assessment Tool</td>
</tr>
<tr>
<td>DAB</td>
<td>Da Afghanistan Bank</td>
</tr>
<tr>
<td>DABS</td>
<td>Da Afghanistan Breshna Sherkat</td>
</tr>
<tr>
<td>DAI</td>
<td>Development Alternatives Inc.</td>
</tr>
<tr>
<td>DBA</td>
<td>Defense Base Act</td>
</tr>
<tr>
<td>DCIS</td>
<td>Defense Criminal Investigative Service (U.S.)</td>
</tr>
<tr>
<td>DEA</td>
<td>Drug Enforcement Administration (U.S.)</td>
</tr>
<tr>
<td>DI</td>
<td>Democracy International</td>
</tr>
<tr>
<td>DIA</td>
<td>Defense Intelligence Agency (U.S.)</td>
</tr>
<tr>
<td>DLA</td>
<td>Defense Logistics Agency (U.S.)</td>
</tr>
<tr>
<td>DOD</td>
<td>Department of Defense (U.S.)</td>
</tr>
<tr>
<td>DOD CN</td>
<td>Department of Defense Drug Interdiction and Counter-Drug Activities fund (U.S.)</td>
</tr>
<tr>
<td>DOG</td>
<td>Department of Defense Office of Inspector General</td>
</tr>
<tr>
<td>DOJ</td>
<td>Department of Justice (U.S.)</td>
</tr>
<tr>
<td>DOT</td>
<td>Department of Transportation (U.S.)</td>
</tr>
<tr>
<td>DSCA</td>
<td>Defense Security Cooperation Agency</td>
</tr>
<tr>
<td>ECC</td>
<td>Electoral Complaints Commission</td>
</tr>
<tr>
<td>ECF</td>
<td>Extended Credit Facility</td>
</tr>
<tr>
<td>EF</td>
<td>essential function</td>
</tr>
<tr>
<td>ELECT</td>
<td>Enhancing Legal and Electoral Capacity for Tomorrow</td>
</tr>
<tr>
<td>EMIS</td>
<td>Ministry of Education’s Information Management System (Afghan)</td>
</tr>
<tr>
<td>ERW</td>
<td>Explosive Remnants of War</td>
</tr>
<tr>
<td>ESF</td>
<td>Economic Support Fund</td>
</tr>
<tr>
<td>EVAW</td>
<td>Elimination of Violence Against Women</td>
</tr>
<tr>
<td>FATF</td>
<td>Financial Action Task Force</td>
</tr>
<tr>
<td>FEFA</td>
<td>Free and Fair Election Forum of Afghanistan</td>
</tr>
<tr>
<td>FOB</td>
<td>forward operating base</td>
</tr>
</tbody>
</table>

*Continued on the next page*
## APPENDICES

<table>
<thead>
<tr>
<th>ACRONYM OR ABBREVIATION</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOM</td>
<td>Freedom of Maneuver program</td>
</tr>
<tr>
<td>FPF</td>
<td>Facilities Protection Force (Afghan)</td>
</tr>
<tr>
<td>FY</td>
<td>fiscal year</td>
</tr>
<tr>
<td>GAGAS</td>
<td>Generally Accepted Government Auditing Standards</td>
</tr>
<tr>
<td>GAO</td>
<td>Government Accountability Office (U.S.)</td>
</tr>
<tr>
<td>GCPSU</td>
<td>General Command of Police Special Units</td>
</tr>
<tr>
<td>GDP</td>
<td>gross domestic product</td>
</tr>
<tr>
<td>GDPDC</td>
<td>General Directorate of Prisons and Detention Centers</td>
</tr>
<tr>
<td>GIORA</td>
<td>Government of the Islamic Republic of Afghanistan</td>
</tr>
<tr>
<td>GLE</td>
<td>Governor-Led Eradication</td>
</tr>
<tr>
<td>GPI</td>
<td>Good Performer's Initiative</td>
</tr>
<tr>
<td>GSA</td>
<td>General Services Administration</td>
</tr>
<tr>
<td>HA Yard</td>
<td>Humanitarian Aid Yard</td>
</tr>
<tr>
<td>HMIS</td>
<td>Health Management Information System</td>
</tr>
<tr>
<td>HMMWW</td>
<td>high-mobility, multipurpose wheeled vehicle</td>
</tr>
<tr>
<td>HOO</td>
<td>High Office of Oversight for Anti-Corruption (aka &quot;HOAC&quot;) (Afghan)</td>
</tr>
<tr>
<td>HPC</td>
<td>High Peace Council</td>
</tr>
<tr>
<td>HSI</td>
<td>Department of Homeland Security Investigations (U.S.)</td>
</tr>
<tr>
<td>ICCTF</td>
<td>International Contract Corruption Task Force</td>
</tr>
<tr>
<td>ICMS</td>
<td>Investigations Case Management System</td>
</tr>
<tr>
<td>CRC</td>
<td>International Committee of the Red Cross</td>
</tr>
<tr>
<td>IDEA-NEW</td>
<td>Incentives Driving Economic Alternatives-North, East, and West</td>
</tr>
<tr>
<td>IDLG</td>
<td>Independent Directorate of Local Governance</td>
</tr>
<tr>
<td>IDLO</td>
<td>International Development Law Organization</td>
</tr>
<tr>
<td>IDP</td>
<td>internally displaced person</td>
</tr>
<tr>
<td>IECC</td>
<td>Independent Election Commission (Afghan)</td>
</tr>
<tr>
<td>IED</td>
<td>improvised explosive device</td>
</tr>
<tr>
<td>UC</td>
<td>International Security Assistance Force Joint Command</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IMU</td>
<td>independent monitoring unit</td>
</tr>
<tr>
<td>INCLE</td>
<td>International Narcotics Control and Law Enforcement (U.S.)</td>
</tr>
<tr>
<td>INL</td>
<td>Bureau of International Narcotics and Law Enforcement Affairs (U.S.)</td>
</tr>
<tr>
<td>IOC</td>
<td>Interagency Operations Coordination Center</td>
</tr>
<tr>
<td>IPA</td>
<td>Independent Public Accountant</td>
</tr>
<tr>
<td>IRD</td>
<td>International Relief and Development (an NGO)</td>
</tr>
<tr>
<td>ISAF</td>
<td>International Security Assistance Force</td>
</tr>
<tr>
<td>ISIL</td>
<td>Islamic State in Iraq and the Levant</td>
</tr>
<tr>
<td>ISLA</td>
<td>Initiative to Strengthen Local Administrations</td>
</tr>
<tr>
<td>ISR</td>
<td>intelligence, surveillance, and reconnaissance</td>
</tr>
<tr>
<td>ITAR</td>
<td>International Traffic in Arms Regulation</td>
</tr>
<tr>
<td>JCC</td>
<td>Joint Command and Control Coordination Center</td>
</tr>
<tr>
<td>JCMB</td>
<td>Joint Coordination and Monitoring Board</td>
</tr>
<tr>
<td>JRD</td>
<td>Juvenile Rehabilitation Directorate</td>
</tr>
<tr>
<td>JSSP</td>
<td>Justice Sector Support Program (State)</td>
</tr>
<tr>
<td>JTP</td>
<td>Justice Training Transition Program (State)</td>
</tr>
<tr>
<td>KAF</td>
<td>Kandahar Airfield</td>
</tr>
<tr>
<td>KFZ</td>
<td>Kandahar Food Zone</td>
</tr>
<tr>
<td>KHPP</td>
<td>Kandahar-Helmand Power Project</td>
</tr>
</tbody>
</table>

Continued on the next page
## APPENDICES

<table>
<thead>
<tr>
<th>ACRONYM OR ABBREVIATION</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>KIA</td>
<td>killed in action</td>
</tr>
<tr>
<td>LAS</td>
<td>Light Air Support</td>
</tr>
<tr>
<td>LGCD</td>
<td>Local Governance and Community Development</td>
</tr>
<tr>
<td>LLP</td>
<td>Lessons Learned Program</td>
</tr>
<tr>
<td>LMG</td>
<td>Leadership, Management, Governance Project</td>
</tr>
<tr>
<td>LOTFA</td>
<td>Law and Order Trust Fund for Afghanistan</td>
</tr>
<tr>
<td>MA</td>
<td>monitoring agent</td>
</tr>
<tr>
<td>MAAR</td>
<td>Monthly ANSF Assessment Report</td>
</tr>
<tr>
<td>MACCA</td>
<td>Mine Action Coordination Centre of Afghanistan</td>
</tr>
<tr>
<td>MAIL</td>
<td>Ministry of Agriculture, Irrigation, and Livestock (Afghan)</td>
</tr>
<tr>
<td>MCN</td>
<td>Ministry of Counternarcotics (Afghan)</td>
</tr>
<tr>
<td>MCPA</td>
<td>Mine Clearance Planning Agency</td>
</tr>
<tr>
<td>MCTF</td>
<td>Major Crimes Task Force</td>
</tr>
<tr>
<td>MEC</td>
<td>Monitoring and Evaluation Committee (Afghan)</td>
</tr>
<tr>
<td>MIDAS</td>
<td>Mining Investment and Development for Afghan Sustainability</td>
</tr>
<tr>
<td>MISTI</td>
<td>Measuring Impacts of Stabilization Initiatives</td>
</tr>
<tr>
<td>MOD</td>
<td>Ministry of Defense (Afghan)</td>
</tr>
<tr>
<td>MOE</td>
<td>Minister of Education (Afghan)</td>
</tr>
<tr>
<td>MOF</td>
<td>Ministry of Finance (Afghan)</td>
</tr>
<tr>
<td>MOI</td>
<td>Ministry of Interior (Afghan)</td>
</tr>
<tr>
<td>MOMP</td>
<td>Ministry of Mines and Petroleum (Afghan)</td>
</tr>
<tr>
<td>MOPH</td>
<td>Ministry of Public Health (Afghan)</td>
</tr>
<tr>
<td>MOPW</td>
<td>Ministry of Public Works (Afghan)</td>
</tr>
<tr>
<td>MORE</td>
<td>Ministry of Women’s Affairs Organizational Restructuring and Empowerment Project (Afghan)</td>
</tr>
<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>MRRD</td>
<td>Ministry of Rural Rehabilitation and Development</td>
</tr>
<tr>
<td>MSI</td>
<td>Management Systems International</td>
</tr>
<tr>
<td>MT</td>
<td>metric tons</td>
</tr>
<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
</tr>
<tr>
<td>NCO</td>
<td>noncommissioned officer</td>
</tr>
<tr>
<td>NDAA</td>
<td>National Defense Authorization Act</td>
</tr>
<tr>
<td>NDI</td>
<td>National Democratic Institute</td>
</tr>
<tr>
<td>NDS</td>
<td>National Directorate of Security (Afghan)</td>
</tr>
<tr>
<td>NEPS</td>
<td>Northeast Power System</td>
</tr>
<tr>
<td>NGO</td>
<td>nongovernmental organization</td>
</tr>
<tr>
<td>NIU</td>
<td>National Interdiction Unit</td>
</tr>
<tr>
<td>NPC</td>
<td>National Procurement Commission (Afghan)</td>
</tr>
<tr>
<td>NPP</td>
<td>national priority program</td>
</tr>
<tr>
<td>NSOCC-A</td>
<td>NATO Special Operations Component Command-Afghanistan</td>
</tr>
<tr>
<td>NSP</td>
<td>National Solidarity Program</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>operations and maintenance</td>
</tr>
<tr>
<td>OAA</td>
<td>Office of Acquisition and Assistance (USAID)</td>
</tr>
<tr>
<td>OCC-R</td>
<td>Operations Coordination Center-Regional</td>
</tr>
<tr>
<td>OCIE</td>
<td>operational clothing and individual equipment</td>
</tr>
<tr>
<td>OCO</td>
<td>overseas contingency operations</td>
</tr>
<tr>
<td>OFE</td>
<td>Operation Enduring Freedom</td>
</tr>
<tr>
<td>OFS</td>
<td>Operation Freedom’s Sentinel</td>
</tr>
</tbody>
</table>

*Continued on the next page*
## APPENDICES

<table>
<thead>
<tr>
<th>ACRONYM OR ABBREVIATION</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>OIG</td>
<td>Office of the Inspector General</td>
</tr>
<tr>
<td>OPPD</td>
<td>Office of Program and Project Development (USAID)</td>
</tr>
<tr>
<td>PASR</td>
<td>Personnel Accounting and Strength Report</td>
</tr>
<tr>
<td>PCH</td>
<td>Partnership Contracts for Health Services</td>
</tr>
<tr>
<td>PEF</td>
<td>Poppy Eradication Force</td>
</tr>
<tr>
<td>PIO</td>
<td>public international organization</td>
</tr>
<tr>
<td>PM/WRA</td>
<td>Bureau of Political-Military Affairs-Office of Weapons Removal and Abatement (U.S.)</td>
</tr>
<tr>
<td>POAM</td>
<td>Plan of Actions and Milestones</td>
</tr>
<tr>
<td>Promote</td>
<td>Promoting Gender Equity in National Priority Programs (USAID)</td>
</tr>
<tr>
<td>PTEC</td>
<td>Power Transmission Expansion and Connectivity</td>
</tr>
<tr>
<td>RADP</td>
<td>Regional Agriculture Development Program</td>
</tr>
<tr>
<td>RASR</td>
<td>Regional Command ANSF Assessment Report</td>
</tr>
<tr>
<td>RC</td>
<td>recurrent cost</td>
</tr>
<tr>
<td>REZ</td>
<td>Regional Economic Zones</td>
</tr>
<tr>
<td>RLS-F</td>
<td>Rule of Law Stabilization-Formal</td>
</tr>
<tr>
<td>RLS-I</td>
<td>Rule of Law Stabilization-Informal</td>
</tr>
<tr>
<td>RSM</td>
<td>Resolute Support Mission</td>
</tr>
<tr>
<td>RSSP</td>
<td>Road Sector Sustainability Program (USAID)</td>
</tr>
<tr>
<td>SAGAL</td>
<td>Strengthening Afghan Governance and Alternative Livelihoods</td>
</tr>
<tr>
<td>SAM</td>
<td>System for Award Management</td>
</tr>
<tr>
<td>SEPS</td>
<td>Southeast Power System</td>
</tr>
<tr>
<td>SERC</td>
<td>Special Electoral Reform Commission</td>
</tr>
<tr>
<td>SG</td>
<td>surgeon general</td>
</tr>
<tr>
<td>SGDP</td>
<td>Sheberghan Gas Development Program</td>
</tr>
<tr>
<td>SGGA</td>
<td>Sheberghan Gas Generation Activity</td>
</tr>
<tr>
<td>SHAHAR</td>
<td>Strong Hubs for Afghan Hope and Resilience</td>
</tr>
<tr>
<td>SHCACC</td>
<td>Senior High Level Committee on Anti-Corruption</td>
</tr>
<tr>
<td>SIGAR</td>
<td>Special Inspector General for Afghanistan Reconstruction</td>
</tr>
<tr>
<td>SIKA</td>
<td>Stability in Key Areas</td>
</tr>
<tr>
<td>SIU</td>
<td>Sensitive Investigative Unit</td>
</tr>
<tr>
<td>SMP</td>
<td>Staff Monitored Program</td>
</tr>
<tr>
<td>SMW</td>
<td>Special Mission Wing (Afghan)</td>
</tr>
<tr>
<td>SOF</td>
<td>Special Operations Forces</td>
</tr>
<tr>
<td>SPSC</td>
<td>Special Procurement Commission (Afghan)</td>
</tr>
<tr>
<td>SRAP</td>
<td>Special Representative for Afghanistan and Pakistan (U.S.)</td>
</tr>
<tr>
<td>State OIG</td>
<td>Department of State Office of the Inspector General</td>
</tr>
<tr>
<td>SY</td>
<td>solar year</td>
</tr>
<tr>
<td>TAA-C-Air</td>
<td>RSM Train, Advise, and Assist Command</td>
</tr>
<tr>
<td>TAC</td>
<td>Transparency Accountability Committee</td>
</tr>
<tr>
<td>TAPA</td>
<td>Trade Accession and Facilitation for Afghanistan</td>
</tr>
<tr>
<td>TAPI</td>
<td>Turkmenistan-Afghanistan-Pakistan-India</td>
</tr>
<tr>
<td>TEFA</td>
<td>Transparent Election Foundation of Afghanistan</td>
</tr>
<tr>
<td>TBSO</td>
<td>Task Force for Business and Stability Operations in Afghanistan</td>
</tr>
<tr>
<td>TIU</td>
<td>Technical Investigative Unit</td>
</tr>
<tr>
<td>TMAF</td>
<td>Tokyo Mutual Accountability Framework</td>
</tr>
<tr>
<td>TTOF</td>
<td>tank-truck offload facility</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNAMA</td>
<td>UN Assistance Mission in Afghanistan</td>
</tr>
</tbody>
</table>

*Continued on the next page*
## APPENDICES

<table>
<thead>
<tr>
<th>ACRONYM OR ABBREVIATION</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNCAC</td>
<td>UN Convention Against Corruption</td>
</tr>
<tr>
<td>UNDP</td>
<td>UN Development Programme</td>
</tr>
<tr>
<td>UNHCR</td>
<td>UN High Commission for Refugees</td>
</tr>
<tr>
<td>UNODC</td>
<td>UN Office on Drugs and Crime</td>
</tr>
<tr>
<td>USAAA</td>
<td>U.S. Army Audit Agency</td>
</tr>
<tr>
<td>USACE</td>
<td>U.S. Army Corps of Engineers</td>
</tr>
<tr>
<td>USAID</td>
<td>U.S. Agency for International Development</td>
</tr>
<tr>
<td>USAID OIG</td>
<td>USAID Office of the Inspector General</td>
</tr>
<tr>
<td>USDA</td>
<td>U.S. Department of Agriculture</td>
</tr>
<tr>
<td>USFOR-A</td>
<td>U.S. Forces-Afghanistan</td>
</tr>
<tr>
<td>USIP</td>
<td>U.S. Institute for Peace</td>
</tr>
<tr>
<td>USWDP</td>
<td>Afghanistan University Support and Workforce Development Program</td>
</tr>
<tr>
<td>UXO</td>
<td>unexploded ordnance</td>
</tr>
<tr>
<td>VSO</td>
<td>Village Stability Operations</td>
</tr>
<tr>
<td>WIA</td>
<td>wounded in action</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>


3 USFOR-A, responses to SIGAR data call and vetting, 3/24/2015 and 4/10/2015.

4 The MOI also controls the Afghan Local Police, who provide routine policing and limited counterinsurgency protection at the village level, and the Afghan Public Protection Force, a state-owned entity that provides contract security for facilities and convoys. These forces are not counted as part of the ANSF


6 SIGAR, Supplement to SIGAR’s January 2015 Quarterly Report to the United States Congress, 2/2015, p. 3 [unnumbered].

7 SIGAR, Supplement to SIGAR’s January 2015 Quarterly Report to the United States Congress, 2/2015, p. 4 [unnumbered].

8 SIGAR, Quarterly Report to the United States Congress, 10/2014, p. 93.

9 DOD IG, Distribution of Funds and Mentoring of Finance Officers for the Afghanistan National Army Payroll Need Improvement, DODIG-2012-058, 2/20/2012, pp. 4, 6, 8.


16 SIGAR, Afghan National Army: Millions of Dollars at Risk Due to Minimal Oversight of Personnel and Payroll Data, Audit Report 15-54-AR, 4/2015, p. 1. A footnote in the audit adds, “According to U.S. military officials, there is no data on [ANA] salary funding provided by the U.S. government prior to 2009”—that is, for the first seven years of U.S. support of Afghan security forces.


32 Statement of General John F. Campbell, USA, Commander U.S. Forces–Afghanistan, before the Senate Armed Services Committee, on the Situation in Afghanistan, 2/12/2015, p. 9.

33 Statement of General John F. Campbell, USA, Commander U.S. Forces–Afghanistan, before the Senate Armed Services Committee, on the Situation in Afghanistan, 2/12/2015, p. 10.


38 Statement of General John F. Campbell, USA, Commander U.S. Forces–Afghanistan, before the Senate Armed Services Committee, on the Situation in Afghanistan, 2/12/2015, p. 12.


96 DOD, response to SIGAR request for clarification, 4/13/2015.


98 OSD-P, response to SIGAR vetting, 4/13/2015.


102 Congress-Gov, “Joint Meeting to hear an address by his Excellency Mohammad Ashraf Ghani, President of the Islamic Republic of Afghanistan,” 3/25/2015.

103 Congress-Gov, “Joint Meeting to hear an address by his Excellency Mohammad Ashraf Ghani, President of the Islamic Republic of Afghanistan,” 3/25/2015.

104 USIP, “Afghan President: Pakistan is why peace with Taliban is possible,” 3/25/2015.


114 Washington Post, “Foreign fighters are spilling into Afghanistan, helping the Taliban,” 4/14/2015.


123 UNAMA, Press Release: Latest UNAMA figures show continuing record high civilian casualties, 4/12/2015.


135 NATO, Chicago Summit Declaration on Afghanistan, 5/21/2012.


ENDNOTES

140 Reuters, “Afghan president finally nominates cabinet ministers,” 1/12/2015.
141 USFOR-A, response to SIGAR data call, 3/24/2015.
143 USFOR-A, response to SIGAR data call, 3/24/2015.
144 USFOR-A, response to SIGAR data call, 3/24/2015.
146 UN Security Council, The situation in Afghanistan and its implications for international peace and security, 2/27/2015, p. 27.
147 USFOR-A, response to SIGAR data call, 3/24/2015.
149 LJC, response to SIGAR data call, 6/1/2014.
164 USFOR-A, response to SIGAR data call, 3/14/2015.
165 USFOR-A, response to SIGAR data call, 3/14/2015.
166 USFOR-A, response to SIGAR data call, 3/14/2015.
179 SIGAR, record of meeting with RS, 2/1/2015.
182 RSM, response to SIGAR request for clarification, 2/6/2015.
186 NSOCC-A, response to SIGAR request for clarification, 1/16/2015.
188 NSOCC-A, response to SIGAR data call, 3/24/2015.
190 NSOCC-A, response to SIGAR data call, 9/30/2014.
193 OSD-P, response to SIGAR vetting, 10/15/2014.
196 SIGAR, Quarterly Report to the United States Congress, 1/30/2015, p. 98.
197 CSTC-A, response to SIGAR data call, 7/1/2014.
208 SIGAR, Quarterly Report to the United States Congress, 10/30/2014, p. 100.
212 RSM, response to SIGAR request for clarification, 2/6/2015.
214 CSTC-A, response to SIGAR vetting, 4/10/2015.
ENDNOTES

227 DCOS-SPT EF5, response to SIGAR data call, 3/15/2015.  
228 CSTC-A, response to SIGAR data call, 3/24/2015.  
246 TAAC-A, response to SIGAR data call, 3/12/2015.  
247 TAAC-A, response to SIGAR data call, 3/12/2015.  
249 TAAC-A, response to SIGAR data call, 3/12/2015.  
250 NATC-A, response to SIGAR data call, 9/30/2014; RSM, response to SIGAR request for clarification, 2/3/2015.  
251 TAAC-A, response to SIGAR data call, 3/12/2015.  
252 RSM, response to SIGAR request for clarification, 2/3/2015; USFOR-A, response to SIGAR vetting, 4/10/2015.  
255 NSOCC-A, response to SIGAR data calls, 1/16/2015 and 3/24/2015.  
266 USFOR-A, response to SIGAR data call, 3/24/2015.  
269 RSM, response to SIGAR request for clarification, 2/3/2015.  
271 RSM, response to SIGAR request for clarification, 2/6/2015.  
274 RSM, response to SIGAR request for clarification, 2/6/2015; OSD-P, response to SIGAR vetting, 4/13/2015.  

REPORT TO THE UNITED STATES CONGRESS | APRIL 30, 2015

237
ENDNOTES


USFOR-A, response to SIGAR vetting, 4/10/2015; SIGAR, ANSF analysis, 4/2015.

USFOR-A, response to SIGAR vetting, 4/10/2015.

USFOR-A, response to SIGAR vetting, 4/10/2015.

ISAF-GR, response to SIGAR data call, 12/10/2014.

USFOR-A, response to SIGAR vetting, 4/10/2015.

USFOR-A, response to SIGAR vetting, 4/10/2015.

RS-GR, response to SIGAR data call, 3/17/2015.

USFOR-A, response to SIGAR vetting, 4/10/2015.

ISAF-GR, response to SIGAR data call, 12/10/2014.

ISAF-GR, response to SIGAR data call, 12/10/2014.

ISAF-GR, response to SIGAR data call, 12/10/2014.

ISAF, response to SIGAR data call, 6/30/2014.

RS-GR, response to SIGAR data call, 3/17/2015.


USFOR-A, response to SIGAR request for clarification, 2/3/2015.


State, PM/WRA, response to SIGAR data call, 12/31/2014.


State, PM/WRA, response to SIGAR data call, 4/1/2015.

State, PM/WRA, response to SIGAR data call, 4/1/2015.

State, PM/WRA, response to SIGAR data call, 4/1/2015; State, PM/WRA, response to SIGAR vetting, 4/10/2015.

State, PM/WRA, response to SIGAR data call, 4/1/2015; State, PM/WRA, response to SIGAR vetting, 4/10/2015.

State, PM/WRA, response to SIGAR data call, 4/1/2015; State, PM/WRA, response to SIGAR vetting, 4/10/2015.

See Appendix B of this report.


UNODC, World Drug Report 2014, x.


SIGAR, Outbrief with Ambassador McKinley et al., Meeting Notes, 2/7/2015.

DOD, response to SIGAR vetting, 4/10/2015.


ENDNOTES

373 INL, response to SIGAR data call, 3/27/2015.
381 SIGAR, Quarterly Report to the United States Congress, 1/30/2015, p. 108.
382 INL, response to SIGAR data call, 3/27/2015; INL, response to SIGAR vetting, 4/16/2015.
384 UNODC, Afghanistan Opium Survey 2013, 12/2013, p. 32.
386 INL, response to SIGAR data call, 3/27/2015.
387 UNODC, Afghanistan Opium Survey 2014, p. 60.
391 David Mansfield, discussion with local desert farmer, 4/2015.
392 State, INL, response to SIGAR vetting, 10/14/2014.
393 State, INL, response to SIGAR data call, 9/29/2014.
397 State, INL, response to SIGAR data call, 3/27/2015.
400 State, INL, response to SIGAR data call, 3/27/2015.
403 State, INL, response to SIGAR data call, 3/27/2015.
404 State, INL, response to SIGAR data call, 3/27/2015.
405 State, INL, response to SIGAR data call, 3/27/2015.
409 USAID, response to SIGAR data call, 3/30/2015.
410 USAID, response to SIGAR data call, 3/30/2015.
411 USAID, response to SIGAR data call, 3/30/2015; USAID, response to SIGAR vetting, 4/12/2015.
412 USAID, response to SIGAR data call, 3/30/2015.
415 USAID, response to SIGAR vetting, 4/12/2015.
417 USAID, response to SIGAR data call, 4/9/2015.
418 USAID, response to SIGAR vetting, 4/12/2015.
419 USAID, response to SIGAR vetting, 1/12/2015.
420 USAID, response to SIGAR vetting, 4/12/2015.
421 USAID, Regional Agricultural Development Program-South FY2015 Quarter I, 1/31/2015, p. 5.
422 USAID, Regional Agricultural Development Program-South FY2015 Quarter I, 1/31/2015, p. 5.
423 USAID, Regional Agricultural Development Program-South FY2015 Quarter I, 1/31/2015, p. 6.
424 USAID, Regional Agricultural Development Program-South FY2015 Quarter I, 1/31/2015, p. 6.
425 USAID, Regional Agricultural Development Program-South FY2015 Quarter I, 1/31/2015, p. 8.
426 USAID, response to SIGAR vetting, 4/12/2015.
430 USAID, Quarterly Report Regional Agricultural Development Program-West (RADP-W) FY2015 Quarter 1 – October to December 2014, 1/30/2015, p. 5; USAID, response to SIGAR vetting, 4/12/2015.
431 USAID, response to SIGAR data call, 3/30/2015; USAID, response to SIGAR vetting, 4/12/2015.
436 USAID, response to SIGAR vetting, 4/12/2015.
438 USAID, response to SIGAR vetting, 4/12/2015.
441 USAID, response to SIGAR vetting, 4/12/2015.
442 USAID, response to SIGAR data call, 3/30/2015.
444 USAID, response to SIGAR data call, 3/30/2015.
ENDNOTES

449 DOD, response to SIGAR data call, 3/31/2015.
450 DOD, response to SIGAR data call, 3/31/2015.
451 DOD, response to SIGAR data call, 3/31/2015.
452 DOD, response to SIGAR vetting, 4/10/2015.
453 DOD, response to SIGAR data call, 3/31/2015; DOD, response to SIGAR vetting, 4/10/2015.
454 State, INL, response to SIGAR data call, 9/24/2014; State, INL, response to SIGAR vetting, 10/14/2014; DOD, Progress Toward Security and Stability in Afghanistan, 10/2014, pp. 82–83.
455 DOD, response to SIGAR vetting, 4/10/2015.
456 State, INL, response to SIGAR data call, 4/3/2015.
457 DOD, response to SIGAR data call, 3/31/2015.
458 DOD, response to SIGAR vetting, 4/10/2015.
460 DOD, response to SIGAR data call, 3/31/2015.
461 DOD, response to SIGAR data call, 3/31/2015.
462 DOD, response to SIGAR data call, 3/31/2015.
463 DOD, response to SIGAR data call, 3/31/2015.
475 Reuters, “Afghan president finally nominates cabinet ministers,” 1/12/2015.
479 SIGAR, Quarterly Report to the United States Congress, 1/30/2014, pp. 122–123.
481 State, SRAP, response to SIGAR data call, 3/26/2015.
482 Pajhwok, “ACSEEN voices concern at delay in electoral reforms,” 3/30/2015.
487 Pajhwok, “Parliamentary polls may be postponed for a year: Danish,” 4/1/2015.
488 State, SRAP, response to SIGAR data call, 3/26/2015.
491 USAID, ODG, response to SIGAR data call, 3/26/2015; State, SRAP, response to SIGAR data call, 3/26/2015.
492 USAID, ODG, response to SIGAR data call, 3/26/2015.
498 USAID, OPPD, response to SIGAR vetting 10/13/2014.


501 USAID, OPPD, response to SIGAR vetting, 4/12/2015.


508 OSD-P, response to SIGAR vetting, 1/13/2015.


512 USAID, OPPD, response to SIGAR data call, 12/30/2013.

513 USAID, OPPD, response to SIGAR data call, 6/30/2014.


516 USAID, OPPD, response to SIGAR data call, 12/30/2013.

517 USAID, OPPD, response to SIGAR data call, 12/29/2014.


520 USAID, OPPD, response to SIGAR data call, 3/26/2015.

Direct Assistance Need Improvement, Audit 2015-082, 2/25/2015, i.


551 DOD, CSTC-A, response to SIGAR vetting, 4/10/2015.


553 USAID, OPPD, response to SIGAR data call, 9/29/2014; State, SCA, response to SIGAR vetting, 10/14/2014.


555 State, SRAP, response to SIGAR data call, 3/26/2015.


557 State, SRAP, response to SIGAR data call, 3/26/2015.

558 USAID, OPPD, response to SIGAR data call, 4/12/2015.


561 USAID, OPPD, response to SIGAR data call, 6/30/2014.


567 State, SRAP, response to SIGAR data call, 3/26/2015.

568 State, SRAP, response to SIGAR data call, 3/26/2015.

569 State, SRAP, response to SIGAR data call, 3/26/2015.

570 USAID, ODG, response to SIGAR data call, 3/26/2015.

571 USAID, OPPD, response to SIGAR data call, 3/26/2015.


573 USAID, ODG, response to SIGAR data call, 3/26/2015.


575 USAID, OPPD, response to SIGAR vetting, 7/14/2014; USAID, OPPD, response to SIGAR vetting, 10/13/2014.


578 USAID, OPPD, response to SIGAR vetting, 4/12/2015; MSI, USAID Stabilization Unit M&E Summit IX, 1/2015.

579 SIGAR, Stability in Key Areas (SIKA) Programs: After 16 Months and $47 Million Spent, USAID Had Not Met Essential Program Objectives, Audit Report 13-16, 7/2013, p. 3.


614 State, POLMIL, response to SIGAR vetting, 1/14/2014.


616 State, SRAP, response to SIGAR data call, 3/26/2015.

617 State, SRAP, response to SIGAR data call, 3/26/2015.


621 State, INL, response to SIGAR data call, 3/27/2015.


623 State, INL, response to SIGAR vetting, 10/14/2014.


625 State, INL, response to SIGAR data call, 3/27/2015.


632 State, INL, response to SIGAR data call, 12/29/2014


642 DOJ, response to SIGAR data call, 2/25/2015.


645 DOD, CSTC-A, response to SIGAR vetting, 4/10/2015.


654 RSM, EPF, response to SIGAR data call, 9/20/2014.

655 DOD, Joint and Coalition Operational Analysis (JCOA), division of Joint Staff J-7 (Joint Force Development), Operationalizing Counter/Anti-Corruption Study, 2/28/2014, pp. 32–33.


658 RSM, EPF, response to SIGAR data call, 9/20/2014.


663 State, PM, response to SIGAR data call, 3/26/2015.

664 State, PM, response to SIGAR data call, 3/26/2015.

665 State, PM, response to SIGAR data call, 3/26/2015.

666 State, PM, response to SIGAR data call, 3/26/2015.

667 State, PM, response to SIGAR data call, 3/26/2015.

668 State, PM, response to SIGAR data call, 3/26/2015.

669 State, PM, response to SIGAR data call, 3/26/2015.

670 State, PM, response to SIGAR data call, 3/26/2015.


674 USAID, OPPD, response to SIGAR data call, 3/26/2015.

675 USAID, OPPD, response to SIGAR data call, 3/26/2015.


ENDNOTES


685 See Appendix B of this report.


688 Treasury, response to SIGAR vetting, 4/10/2015.


698 State, response to SIGAR data call, 3/26/2015.


702 USAID, response to SIGAR data call, 12/28/2014.


708 Tolo News, “Provincial Officials Level Corruption Claims Against Herat Customs Department,” 2/16/2015.


711 Letter from Ambassador James Cunningham to His Excellency Acting Minister of Finance Omar Zakhilwal, 10/30/2014; Letter from Ambassador P. Michael McKinley to His Excellency Acting Minister of Finance Mustafa Mastoor; 12/14/2014.


714 USAID, response to SIGAR data call, 3/26/2015; Letter from Ambassador P. Michael McKinley to His Excellency Acting Minister of Finance Mustafa Mastoor, 12/14/2014.

715 MOF, Wolassi Jirga Approves 1394 National Budget, 1/28/2015.


731 *Congressional Quarterly*, “President Ashraf Ghani Delivers Remarks Before Joint Meeting of Congress,” 3/25/2015; Council on Foreign Relations, “Afghan President Ashraf...
ENDNOTES


736 IMF, 2014 Article IV Consultation–Staff Report; Press Release; And Statement By The Executive Director For The Islamic Republic Of Afghanistan, 5/2014.

737 World Bank, South Asia Economic Focus, Fall 2014, p. 10.

738 IMF, 2014 Article IV Consultation–Staff Report; Press Release; And Statement By The Executive Director For The Islamic Republic Of Afghanistan, 5/2014, p. 44.

739 IMF, 2014 Article IV Consultation–Staff Report; Press Release; And Statement By The Executive Director For The Islamic Republic Of Afghanistan, 5/2014, p. 44; Treasury, response to SIGAR data call, 10/1/2014.


742 IMF, 2014 Article IV Consultation–Staff Report; Press Release; And Statement By The Executive Director For The Islamic Republic Of Afghanistan, 5/2014, p. 44; Treasury, response to SIGAR data call, 10/1/2014; Treasury, response to SIGAR vetting, 10/9/2014.

743 USAID, response to SIGAR data call, 12/28/2014.


745 MOCI, “Workshop on Trade Marks For Ministry of Commerce and Industries and Traders of Afghanistan, From USAID, Afghanistan Trade and Revenue Project,” 2/14/2015.


750 Treasury, response to SIGAR data call, 10/1/2014.


753 DOJ, response to SIGAR data call, 3/27/2015.


755 Treasury, response to SIGAR data call, 1/6/2015; Treasury, response to SIGAR vetting, 4/10/2015.


760 GIROA, Office of the President, “Decree 02 President’s Order on Kabul Bank Crisis,” 10/1/2014; DOJ, response to SIGAR data call, 3/27/2015.


771 State, “Strengthening the Strategic Partnership of the United States and Afghanistan,” 3/24/2015; State, response to SIGAR.

772 *Tolo News,* “Minister Says Mining Contracts to be Reexamined,” 2/20/2015.


778 USAID, response to SIGAR data call, 12/28/2014.

779 USAID, response to SIGAR data call, 3/26/2015.


781 USAID, response to SIGAR data calls, 1/12/2015 and 3/26/2015.

782 USAID, response to SIGAR data call, 3/26/2015.


789 USAID, response to SIGAR data calls, 9/30/2013 and 12/31/2013.


793 USAID, response to SIGAR data call, 12/28/2014; USAID, response to SIGAR vetting, 1/12/2015.

794 USAID, response to SIGAR data call, 3/26/2015.

795 USAID, response to SIGAR data call, 3/26/2015.

796 USAID, response to SIGAR data call, 9/30/2013; USAID, response to SIGAR vetting, 7/14/2014; USAID, response to SIGAR data call, 4/9/2015.


804 USAID, response to SIGAR data call, 12/28/2014.


806 USAID, response to SIGAR vetting, 4/12/2015.

807 USAID, response to SIGAR data call, 7/1/2013; USAID, response to SIGAR vetting, 1/15/2014.

808 USAID, response to SIGAR data calls, 12/28/2014 and 3/26/2015; USAID, response to SIGAR vetting, 1/12/2015.


811 USAID, response to SIGAR data call, 3/26/2015.

812 USAID, response to SIGAR vetting, 1/15/2014.

813 USAID, response to SIGAR data call, 6/30/2014.


815 DOD, response to SIGAR data call, 4/8/2015.

816 USAID, response to SIGAR data call, 3/26/2015; USAID, response to SIGAR vetting, 4/12/2015.


819 USAID, response to SIGAR vetting, 4/12/2015.


823 USAID, response to SIGAR data call, 12/28/2014.

824 USAID, response to SIGAR data call, 12/28/2014; USAID, response to SIGAR vetting, 1/12/2015.


826 USAID, response to SIGAR data call, 12/28/2014.


ENDNOTES

830 USAID, response to SIGAR data call, 3/26/2015.
833 USAID, response to SIGAR data call, 4/9/2015.
836 MOE, Education Management Information System (EMIS) Generated Report, Summary of Schools and Student By Ownership and Program Year (1393), accessed, 4/14/2015.
837 MOE, Education Management Information System (EMIS) Generated Report, Summary of Student Attendance Year (1392), accessed, 4/15/2015.
839 USAID, response to SIGAR data call, 3/26/2015.
841 USAID, response to SIGAR data call, 3/26/2015.
844 USAID, response to SIGAR vetting, 4/12/2015.
846 USAID, response to SIGAR vetting, 7/14/2014.
848 USAID, Partnership Contracts for Health Fact Sheet, 1/2014; USAID, response to SIGAR vetting, 1/12/2015; MOPH, A Basic Package of Health Services for Afghanistan, 3/2003.
849 USAID, Partnership Contracts for Health Fact Sheet, 1/2014; USAID, response to SIGAR vetting, 1/12/2015; MOPH, A Basic Package of Health Services for Afghanistan, 3/2003.

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.


(For a list of the congressionally mandated contents of this report, see Section 3.)
FRAUD, WASTE, OR ABUSE MAY BE REPORTED TO SIGAR’S HOTLINE

Report Fraud, Waste or Abuse to the SIGAR Hotline

By Phone: Afghanist & United States
Call toll free: 866-329-8893
Call local: 312-664-0378
All voicemail is in English and answered during business hours.

By Fax: 703-601-4065

By E-mail: sigar.hotline@mail.mil