

JOINT STRATEGIC OVERSIGHT PLAN FOR AFGHANISTAN RECONSTRUCTION FY13

JOINT STRATEGIC PLANNING SUBGROUP FOR
OVERSIGHT OF AFGHANISTAN RECONSTRUCTION



JULY 2012

FROM THE INSPECTORS GENERAL

We, the undersigned members of the Joint Strategic Planning Subgroup for Oversight of Afghanistan Reconstruction, are pleased to present the Inspectors General Fiscal Year 2013 Joint Strategic Oversight Plan for Afghanistan Reconstruction.

Since 2002, the Offices of the Inspectors General, the Government Accountability Office, and the Department of Defense Service audit agencies have issued 202 reports on audits, inspections, and evaluations of Afghanistan reconstruction efforts. This oversight plan builds on these past efforts and takes into consideration:

- The United States and the Afghan Government's strategic goals, objectives, initiatives, and priorities related to reconstruction;
- The amount of funding requested, appropriated, obligated, and spent in various reconstruction sectors and programs;
- Congressional and other stakeholder concerns about reconstruction efforts; and
- The risks we foresee in the next fiscal year related to Afghanistan's reconstruction.

The plan identifies 13 strategic issues and describes focus areas within each of these issues to guide the development of audits, inspections, and evaluations that will provide oversight for the major reconstruction programs in the coming fiscal year.

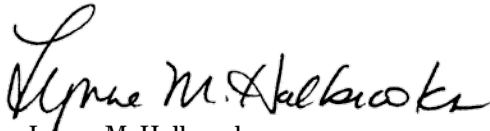
Through this plan, we will be able to conduct comprehensive oversight of the reconstruction effort. This plan enables us to better leverage our resources to cover issues most critical to Afghanistan's reconstruction and to provide Congress, United States implementing agencies, and the American people with more focused assessments to improve the efficiency and effectiveness of critical reconstruction programs and to mitigate fraud, waste, and abuse.



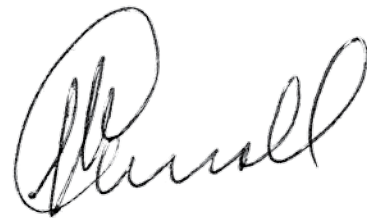
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PARWAN

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KUNAR

LAGHMAN

HERAT

WARDAK

KABUL

NANGARHAR

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LOGAR

PAKTIYA

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KHOWST

FARAH

URUZGAN

ZABUL

PAKTIKA

PAKISTAN

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EXECUTIVE SUMMARY

In November 2011, the Inspectors General of the United States (U.S.) Departments of State (DoS), Department of Defense (DoD), and the U.S. Agency for International Development (USAID), joined the Special Inspector General for Afghanistan Reconstruction (SIGAR) to form the Joint Strategic Planning Subgroup for Oversight of Afghanistan Reconstruction, a subgroup under the Southwest Asia Joint Planning Group. The Joint Strategic Planning Subgroup was established to provide more integrated and comprehensive oversight planning for the \$90 billion Congress has appropriated over the last decade to rebuild Afghanistan. By conducting more focused oversight guided through a common strategic plan, the members of the Joint Strategic Planning Subgroup will be able to better protect taxpayer dollars, illuminate problems, identify successes and lessons learned, and improve program performance in support of U.S. policy objectives.

The Joint Strategic Oversight Plan for Afghanistan Reconstruction represents an interagency consensus on the strategic issues and focus areas the members of the Joint Strategic Planning Subgroup intend to cover during Fiscal Year (FY) 2013. The subgroup coordinated with the Government Accountability Office (GAO) and the U.S. Army Audit Agency to develop the issues and focus areas. The plan guides the development of audits, inspections, and evaluations of Afghanistan reconstruction the Inspectors General will include in the annual Comprehensive Oversight Plan for Southwest Asia (COPSWA). Together with the COPSWA, these plans fulfill the congressional mandate to

coordinate audits among the principal oversight agencies as embodied in Public Law 110-181 and Public Law 112-74.¹

The Joint Strategic Oversight Plan has 13 strategic issues as listed below. The issues are defined as overarching questions the Inspectors General will answer collectively through their planned audits, inspections, and evaluations. The explanation of these issues and the risks they are addressing are discussed in the strategic issue section of this plan along with the specific areas of oversight focus.

Security Issues

- 1. Building the Capacity and Capabilities of Afghan Security Forces.** To what extent has DoD established requirements for Afghan security assistance and planned acquisitions that align with the force structure of Afghan security forces, unit activations and deployment, and Afghan sustainment capabilities? Are the Afghan National Security Forces (ANSF), comprising the Afghan National Army and the Afghan National Police, making sufficient progress in building the capacity and capabilities to fully assume security responsibilities and maintain accountability for the equipment and supplies they receive?
- 2. Administering and Maintaining Accountability of the Afghanistan Security Forces Fund (ASFF).** Has DoD properly administered and maintained accountability over the use of funds in the ASFF?

Governance and Development Issues

- 3. Building Afghan Governance Capacity.** To what extent has the Afghan Government developed the financial management capacity to manage resources at the national and sub-national levels? What steps have been taken to ensure that lessons learned from prior capacity building programs at the sub-national levels have been incorporated into the design and implementation of follow-on capacity-building programs?
- 4. Sustaining U.S. Investment in Afghan Institutions and Infrastructure.** To what extent have U.S. reconstruction programs and investments taken into account the capacity of the Afghan Government to sustain these programs and investments?
- 5. Increasing Revenue Generation within the Afghan Government.** To what extent has the Afghan Government made progress in generating revenues to fund governmental operations? Has U.S. assistance been used effectively to implement Afghan customs and tax reform initiatives?
- 6. Implementing Civil Service and Pay Reforms within the Afghan Government.** To what extent has the Afghan Government been successful in implementing civil service and pay reforms, and what actions are planned or being implemented to address remaining implementation challenges and impediments?
- 7. Implementing Afghan Electoral Reforms and Preparing for Upcoming Elections.** Has U.S. assistance been successful in achieving intended outcomes and sustainable electoral

reforms, and to what extent have preparations been made for administering the Afghan 2014 elections?

Counternarcotics and Law Enforcement/Rule of Law Issues

- 8. Executing and Sustaining Counternarcotics Programs.** Has U.S. assistance for Afghanistan been successful in achieving the goals and objectives of the counternarcotics strategy? To what extent is the Afghan Government capable of assuming a lead role and sustaining progress in counternarcotics operations?
- 9. Expanding the Capacity and Sustaining the Afghan Justice System.** To what extent have rule-of-law programs been effective at improving the overall justice and corrections system within Afghanistan and increasing public access to justice?
- 10. Implementing Anti-Corruption Initiatives.** To what extent has the Afghan Government implemented anti-corruption programs within its ministries and made progress in deterring corruption by investigating, prosecuting, sanctioning or removing corrupt officials from office, and implementing financial transparency and accountability measures for government institutions and officials?

Cross-Cutting Issues

- 11. Planning and Coordinating U.S. Assistance Programs.** To what extent has the U.S. Government vetted and designed assistance programs to ensure they are necessary, achievable, and sustainable; and has the

United States coordinated the programs to achieve unity of effort with the Afghan Government and the international donor community?

- 12. Providing Stewardship of Direct Assistance Funds.** To what extent are Afghan Government ministries providing stewardship of direct assistance funds and achieving favorable outcomes from programs funded through direct assistance?
- 13. Awarding and Administering Reconstruction Contracts.** To what extent did DoD, State, and USAID award contracts competitively and administer contracts for Afghanistan's reconstruction in a manner to ensure that costs are controlled and contractors remain on schedule and perform as required?

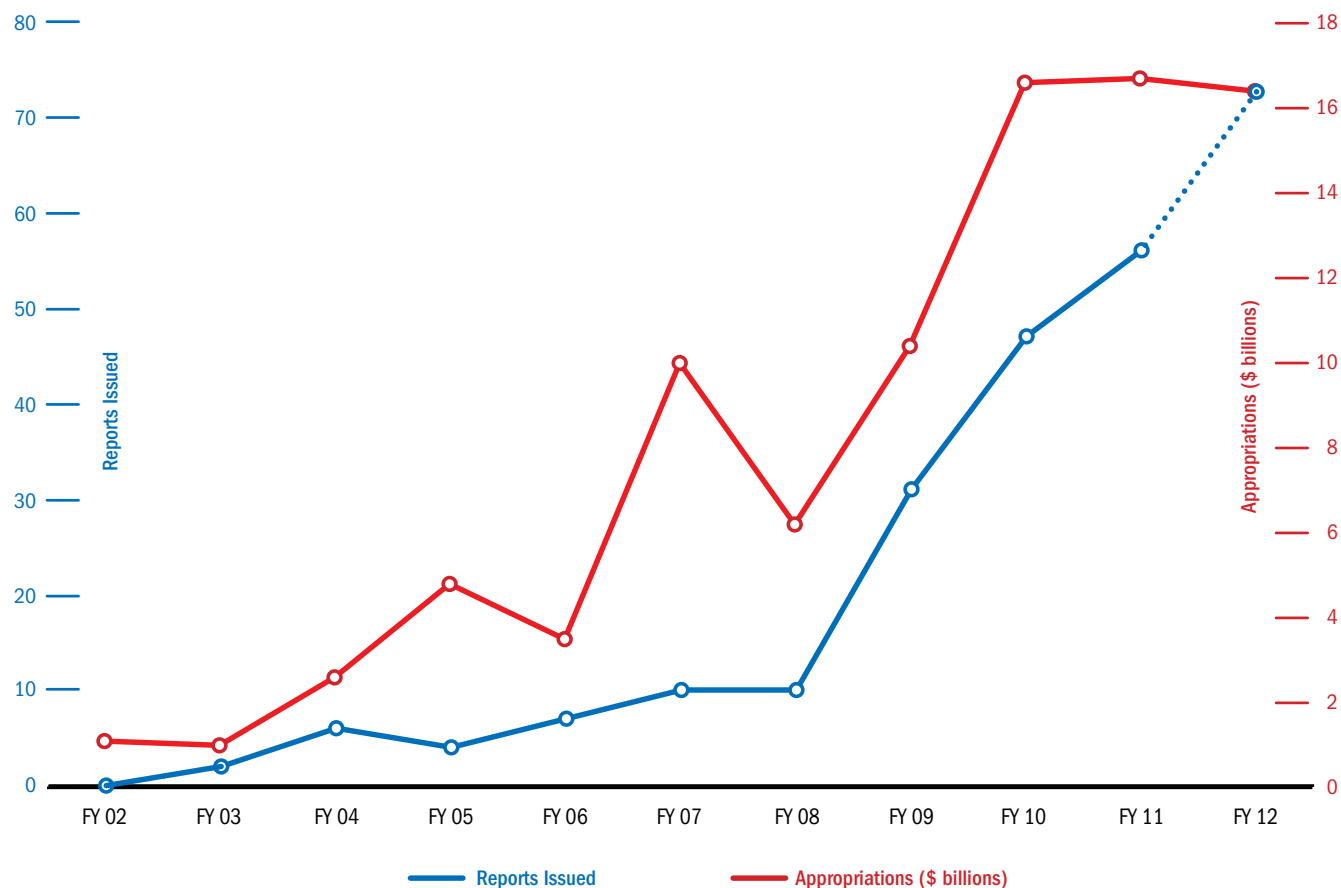
In developing these strategic issue areas the Joint Strategic Planning Subgroup considered the following:

- Prior oversight coverage to include hotline complaints and outcomes of investigations;
- the U.S. and Afghan Government's strategic goals, objectives, initiatives, and priorities related to reconstruction;
- the amount of funding requested, appropriated, obligated, and spent in various reconstruction sectors and programs;
- Congressional and other stakeholder concerns about reconstruction efforts; and
- the risks the subgroup foresees in the next fiscal year related to Afghanistan's reconstruction.

PRIOR OVERSIGHT COVERAGE

As of May 31, 2012, the Offices of the Inspectors General, GAO and the DoD Service audit agencies have issued 202 reports on audits, inspections, and evaluations related

OVERSIGHT REPORTS ISSUED BY FISCAL YEAR AND TOTAL FUNDS APPROPRIATED (AS OF MAY 31, 2012)



Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
1/ Appropriations (\$ billions)	\$1.1	\$1.0	\$2.6	\$4.8	\$3.5	\$10.0	\$6.2	\$10.4	\$16.6	\$16.7	\$16.4	\$89.4
2/ Reports Issued	0	2	6	4	7	10	10	31	47	56	3/ 29	202

1/ Source of appropriations is Appendix B, SIGAR Quarterly Report to Congress, April 30, 2012
 2/ Total excludes reports of financial audits performed by the Defense Contract Audit Agency and non-Federal auditors, and GAO reports on congressional testimony.
 3/ The graph represents a projection of 71 reports to be issued by the end of FY 2012. The actual number of reports issued in FY2012 was 29 as of May 31, 2012 or eight months into the fiscal year.

to the decade-long reconstruction effort in Afghanistan. An additional 42 reports are expected to be issued by the end of FY 2012 bringing the fiscal year total to 71 reports.² As shown in figure 1, the number of reports issued annually increased as appropriations increased.

Oversight coverage spanned all sectors of reconstruction with the largest number of audits, inspections, and evaluations performed in those sectors with the greatest amount of appropriated funds.

(Appendix A identifies the number of reports issued by sector and oversight organization.) The Joint Strategic Planning Subgroup reviewed these prior reports to identify gaps in oversight coverage in the various sectors of Afghanistan’s reconstruction. Although there were not any major gaps in oversight coverage, the assessment identified some sectors with insufficient coverage in recent years. The subgroup addressed these matters in the strategic oversight plan. Also, prior

reports were reviewed to identify significant bodies of oversight work for preparing capstone oversight reports that will summarize lessons learned and challenges related to Afghanistan reconstruction efforts. Capstone reports provide a way of reporting on systemic problems that are not readily apparent from oversight reports on individual programs. Capstone reporting also is a mechanism for reporting out on a body of oversight work and bringing closure to strategic issues

identified in the strategic oversight plan. For the upcoming fiscal year, the subgroup envisions issuing capstone reports in the topic areas of contingency contracting, sustainment of Afghan reconstruction efforts, building Afghan governance capacity, and counternarcotics operations.

RECONSTRUCTION STRATEGY

The U.S. Integrated Civilian – Military Integrated Campaign Plan for Support to Afghanistan dated February 2011, provides strategic guidance from the U.S. Chief of Mission and the Commander of U.S. Forces-Afghanistan to American personnel in Afghanistan, both civilian and military, on the focus and execution of the mission through 2014, with specific priorities for the next 12-18 months. The campaign plan is currently focused on four broad efforts:

- Increasing the capability of the ANSF and improving Afghan security;
- strengthening Afghan governance;
- expanding Afghans’ access to justice and promoting the rule of law; and
- supporting sustainable, inclusive economic growth.

Each of these efforts has multiple campaign objectives. The Joint Strategic Oversight Plan builds on the categories of effort, campaign objectives, priorities and principles in the campaign plan.

RECONSTRUCTION FUNDING

Since 2002, the Congress has appropriated more than \$90 billion for the reconstruction of Afghanistan. The President has requested an additional \$12 billion for reconstruction in FY 2013.³ If approved, this would



bring total funding for Afghanistan’s reconstruction to more than \$100 billion, the largest sum ever provided for one country in such a short period of time. The previously approved funds have supported reconstruction activities in the following areas:

- Security \$52.15 billion
- Governance and development \$22.33 billion
- Counternarcotics efforts \$5.97 billion
- Humanitarian aid \$2.36 billion
- Oversight and operations \$6.62 billion

Appendix B has a more detailed breakdown of the funds appropriated for reconstruction by fiscal year.

CONGRESSIONAL AND STAKEHOLDER CONCERNS

Congressional and other stakeholders have expressed concern

about the planning of reconstruction programs, sustainability of the reconstruction effort, and widespread corruption within the Afghan Government. For example, a 2011 U.S. Senate staff report recommended that U.S. assistance to Afghanistan focus on what is necessary, achievable, and sustainable.⁴ The report reflected congressional questions about how reconstruction programs are being developed and whether they are having unintended consequences such as fueling corruption and distorting labor and goods markets. The Commission on Wartime Contracting in Iraq and Afghanistan stated in its final report that contract waste, fraud, and abuse take many forms:

- An ill-conceived project, no matter how well-managed, is wasteful if it does not fit the cultural, political, and economic norms of the society it is meant to serve, or if it cannot be supported and maintained.

- Poor planning and oversight by the U.S. Government, as well as poor performance on the part of contractors, have costly outcomes: time and money mis-spent are not available for other purposes, missions are not achieved, and lives are lost.
- Criminal behavior and blatant corruption steal dollars from what could otherwise be successful project outcomes and, more disturbingly, contribute to a climate in which huge amounts of waste are accepted as the norm.

As a result of growing concern over corruption in Afghanistan, Congress included provisions in its 2012 Consolidated Appropriations Act requiring the Secretary of State, in consultation with the USAID Administrator, to certify that the Afghan Government has made real progress in addressing corruption before obligating appropriated assistance funds for economic support, narcotics control, and law enforcement. These and other concerns were considered by the Joint Strategic Planning Subgroup in defining the strategic issues and focus areas included in the Joint Strategic Oversight Plan.

RISKS AND PLANNED OVERSIGHT

This plan considered risks the Joint Strategic Planning Subgroup foresees in the upcoming fiscal year related to the reconstruction effort. The risks represent judgments by the subgroup of potential conditions that could likely impact the achievement of U.S. strategic and program objectives, or result in the occurrence of fraud, waste, and abuse. For example:

- Because of the uncertainty of the composition and size of Afghan security forces over

the next few years, **requirements for military equipment, supplies, services, and facilities** will be unstable, and if not closely managed, could result in wasteful procurement actions. We believe a strong need exists for oversight of requirements to make sure they have been fully vetted and are valid before new contracts are awarded.

- Successful presidential and parliamentary **elections** are crucial to political stability and getting the Afghan people to recognize and accept the legitimacy of their government. Afghanistan faces a number of financial, technical, and political challenges in establishing sustainable electoral institutions and there is risk that prior investments made in developing Afghanistan's electoral capacity may not have been fully sustained, thereby impacting the capability of the Afghan Government to conduct a successful election. Our planned oversight will assess U.S. assistance supporting the electoral process to make sure programs are being executed effectively and in time to support the next election cycle.
- Some programs are not showing progress in delivering intended **outcomes** and they may be at risk of failing. We plan to evaluate these programs to determine the root cause for not meeting program goals and objectives, and assess whether these programs need to be restructured or scaled back to deliver achievable outcomes.
- The Afghan Government has committed to take steps to curb **corruption**. Because of the limited actions taken to date, there is high risk the Afghan

Government will fall short in meeting this commitment. We plan to evaluate the Afghan Government's progress and challenges in dealing with corruption, and assess whether U.S. assistance for anti-corruption initiatives is focused in the areas of greatest need, such as Afghan pay and grade reform, merit based hiring, and improvements in financial management.

- The upfront **planning and coordination** of assistance programs is an area prone to weaknesses based on our prior audits and inspections. These audits and inspections identified the need for more informed tradeoffs between risk and rewards in determining which programs to execute; better defined program objectives and metrics; increased coordination of programs; and integration of Afghan **sustainability** into program design and implementation.
- The risks associated with contingency **contracting** remain high. We plan to continue our oversight to make sure the government is paying fair and reasonable prices and not getting overbilled by contractors for items and services procured. Accordingly, we plan to increase the number of incurred cost audits of contracts and grants to verify that the costs contractors billed to the government are valid.

The Joint Strategic Oversight Plan accounts for these and other risks that will guide the Inspectors General use of oversight resources.



STRATEGIC ISSUES AND FOCUS AREAS

This section discusses the 13 strategic issues the Inspectors General plan to cover during FY 2013 to provide oversight of funds appropriated for Afghanistan's reconstruction. We discuss the results of our risk assessment of programs related to each issue, and present the focus areas for planned oversight actions to address the risks.

SECURITY ISSUES

Increasing the capability of the Afghanistan's National Security Forces (ANSF) and improving Afghan security is a one of the four primary lines of efforts or pillars in the U.S. strategy as defined in the U.S. Integrated Civilian – Military Integrated Campaign Plan for Support to Afghanistan. The U.S. strategy is working toward developing the capacity and capabilities of the ANSF so that coalition forces can fully transition security responsibilities to the Afghan Government in FY 2014.

As of March 31, 2012, Congress had appropriated about \$52.1 billion—more than half of all reconstruction dollars—to develop the ANSF. Of this, Congress has provided \$50.7 billion for the Afghanistan Security Forces Fund (ASFF), which was established in 2005 to train, equip, house, and sustain the Afghan National Army and the Afghan National Police. The President has requested an additional \$5.75 billion for FY 2013. The following table shows the status of funds in the ASFF and the Administration's request for FY 2013.

AFGHANISTAN SECURITY FORCES FUND (STATUS AS OF MARCH 31, 2012)				
	1/ FYs 05-12 Funds Appropriated (billions)	2/ Funds Obligated (billions)	2/ Funds Disbursed (billions)	1/ FY 13 Funds Requested (billions)
Infrastructure	\$11.67	\$7.90	\$4.71	\$0.24
Equipment & Transportation	14.93	12.80	12.56	0.33
Training & Operations	7.14	4.50	4.43	1.33
Sustainment	16.96	11.80	10.71	3.85
TOTAL	\$50.70	\$37.00	\$32.41	\$5.75

Sources:

1/ DoD Congressional Budget Justifications for FYs 05-12 and SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012

2/ SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012. Amounts are a sum of ASFF obligations and disbursements reported in the quarterly report for the Afghanistan National Army and Afghanistan National Police.

This plan addresses two priority issues related to building Afghanistan's security sector: (i) building the capacity and capabilities of the ANSF, and (ii) administering and maintaining accountability of the ASFF.

ISSUE 1: BUILDING THE CAPACITY AND CAPABILITIES OF THE ANSF

STRATEGIC ISSUE

To what extent has DoD established requirements for Afghan security assistance and planned acquisitions that align with the force structure of Afghan security forces, unit activations and deployment, and Afghan sustainment capabilities? Are the ANSF, comprising of the Afghan National Army and the Afghan National Police, making sufficient progress in building the capacity and capabilities to fully assume security responsibilities and maintain accountability for the equipment and supplies they receive?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

We have identified a number of challenges and risks associated with building the capacity and capabilities of the ANSF. The major risk areas include requirements, acquisition planning, training, financial management and accountability, and corruption.

DoD faces difficult challenges in estimating multi-year requirements because of the uncertainties surrounding the future security situation and the size and composition of the Afghan security forces. Afghan security forces will reach their maximum strength of 352,000 personnel⁵ in FY 2013 and will be reduced to a more sustainable level of approximately 228,000 personnel⁶ in FY 2017 if security conditions continue to improve. Security conditions will drive the pace of the Afghan force drawdown and

the composition of security forces. As conditions change, DoD and the ANSF will need to adjust requirements and synchronize the acquisition of equipment, supplies, services, and facilities in response to the changing composition of security forces. Otherwise, there is risk that unnecessary procurement actions and excess will result if DoD doesn't closely manage requirements and planned acquisitions.

Additionally, some of the \$2.7 billion⁷ of planned construction projects for the ANSF may not be needed. Because the 352,000 personnel strength target of the ANSF is a temporary surge force,⁸ bases vacated by U.S. and North Atlantic Treaty Organization forces can potentially be used to temporarily support the ANSF in lieu of building new permanent facilities to house and train Afghan security forces. Because of the long-lead time to build facilities, there is risk that DoD hasn't fully vetted approved projects to account for base transfers and use of temporary facilities to support the surge force.

A Congressional Research Service report stated that a typical Afghan Army unit is only at about 50 percent of its authorized strength at any given time, and there are significant shortages in about 40 percent of equipment items.⁹ In reference to the Afghan police, the same report stated that most police units lack adequate ammunition and vehicles. Equipment shortages point to a potential lack of synchronization of equipment purchases and deliveries with the deployment/fielding of Afghan army and police units.

With about \$2.1 billion of unobligated funds for equipment and about \$2.7 billion of planned construction projects for the ANSF,¹⁰ we believe a strong need exists for oversight to determine whether DoD has sufficiently validated

requirements before awarding new contracts. This includes assessing whether DoD planned acquisitions of equipment and facilities are synchronized with unit deployments and force structure and give due consideration of the capability of Afghan forces to sustain what is acquired. Also, we plan to provide oversight of the award and administration of contracts for acquisition of equipment and facilities as discussed in more detail under the strategic issue for awarding and administering reconstruction contracts. Further, we plan to monitor the transfer of Afghan security assistance responsibilities from DoD to DoS and the establishment of the Office of Security Cooperation—Afghanistan to assess whether there are gaps in transition planning, particularly with regard to requirements and acquisition planning in support of the ANSF.

Another risk involves the training of Afghan security forces. Prior audits and inspections reported weaknesses with the training of Afghan security forces by contractors and the metrics used to measure training effectiveness and capabilities of Afghan security forces.¹¹ Planned oversight will review DoD's efforts to manage and execute contracts for training of the Afghan police. We also plan to assess the effectiveness of leader development training for Afghan security forces. Developing effective leaders is essential to the long-term sustainability of the ANSF.

Building a sustainable Afghan security force presents challenges on multiple fronts. One of the challenges is developing the literacy and vocational skills to perform tasks such as reading official forms and manuals, maintaining equipment, and operating computer systems all essential to developing a sustainable force that is not dependent on technical advisers and contractors.

DoD reported that the literacy rate of the entire ANSF was about 14 percent as of March 31, 2012.¹² Our plan provides for oversight of literacy and vocational training to examine whether (i) training was conducted by qualified instructors in accordance with the approved curriculum, and (ii) outcomes were measured, monitored, and acted upon when performance falls below expected norms.

Another challenge is building sustainable institutional capabilities of the Afghan Ministry of Defense and the Ministry of Interior to perform functions related to financial management, command and control, health care, and logistics. Part of this challenge ties back to the higher level of skills needed to perform these functions and the dependency on automated information management systems to support these operations. Other challenges involve instituting processes and controls within the ministries to monitor operations, provide financial transparency, and maintain accountability to prevent the diversion or pilferage of medical supplies, pharmaceuticals, fuel, food, ammunition, equipment, and repair parts for the Afghan forces. A Congressional Research Service report stated that in some cases, equipment requisitioned by Afghan police commanders is being sold and the funds pocketed by the police officers.¹³ DoD and Afghan security forces need to maintain accountability over equipment and supplies acquired for the ANSF to ensure they are delivered, and not diverted or pilfered. In our planned oversight, we will conduct multiple audits, inspections, and evaluations that address the challenges and risks discussed above. Our oversight will help assure that Afghan institutional capacity and capabilities are being developed in a sustainable manner, and proper accountability and control measures

are in place to deter corruption and pilferage.

In summary, our oversight strategy for the ANSF is aimed at verifying whether 1) available funds are spent only on what is needed, 2) the acquisition of equipment, supplies, and services for the ANSF is well planned and executed in a manner to deliver what is needed at reasonable cost, 3) acquired equipment and supplies are delivered, accounted for and properly safeguarded, 4) contractors are performing as required under contracts, 5) building of ANSF capabilities is occurring as planned and in a manner to ensure future sustainability, and 6) the ANSF is developing financial management capabilities and implementing processes and controls to exercise proper stewardship of its resources.

FOCUS AREAS:

- Evaluate the extent to which DoD planned for the equipping and logistics support of the ANSF with due consideration of force structure changes, force deployment schedules, and the capability of the Afghan Government to afford and maintain the equipment.
- Determine whether construction requirements for ANSF facilities were vetted for planned transfer of coalition bases, changes in ANSF force structure, and sustainability by the Afghan Government.
- Determine whether U.S. Government goals, objectives, plans, and guidance were issued and operative for establishment of the Office of Security Cooperation—Afghanistan to provide oversight of Afghan security assistance requirements.
- Verify that literacy, vocational, and leadership training is conducted by qualified instructors in accordance with the approved curriculum, and outcomes are measured, monitored, and acted upon when performance falls below expected norms.
- Assess whether individual, unit, and leadership training of the ANSF is progressing in a manner to ensure that Afghan forces are prepared to assume security responsibilities.
- Evaluate progress by the ANSF to develop the capacity and capabilities for performing functions related to command & control, financial management, logistics, and medical support; and assess whether the U.S. Government has taken actions to ensure capabilities are sustainable.
- Determine whether the ANSF is maintaining accountable control over equipment and supplies.



ISSUE 2: ADMINISTERING AND MAINTAINING ACCOUNTABILITY OF THE AFGHANISTAN SECURITY FORCES FUND

STRATEGIC ISSUE

Has DoD properly administered and maintained accountability over the use of funds in the Afghanistan Security Forces Fund (ASFF)?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

The U.S. Congress appropriated about \$50.7 billion for the ASFF from FY 2005 through March 31, 2012. Of this amount DoD obligated about \$37 billion and disbursed about \$32.6 billion. We have identified two risks to the management of the ASFF. First, DoD accounts for and manages the ASFF in a unique way. Second, the U.S. policy to provide more direct assistance to Afghanistan makes accounting for

the funds provided to the Afghan Government more difficult.

DoD tracks the use of funds within the ASFF through pseudo foreign military sales case accounts established for each appropriation of the security forces fund. Normally, budget authority associated with foreign military sales cases is treated as non-expiring money when transferred into the foreign military sales trust fund. However, DoD accounts for the ASFF differently: funds transferred from the ASFF to the trust fund retain the limitations placed on them when appropriated. Such funds must be obligated prior to the appropriation expiring and expended prior to cancellation of the appropriation.¹⁴

Managing expiring funds associated with pseudo cases is a challenge because the foreign military sales system was not designed with the automated controls to account for expiring appropriations.¹⁵ Financial managers may therefore not readily detect residual funds from pseudo foreign military cases that can be reprogrammed to satisfy other needs before an appropriation expires.

A portion of the funds included in the security forces fund are provided directly to the Afghan Government in the form of direct assistance to spend on salaries and other pre-designated types of expenditures. The risk associated with direct assistance funds is high because of the immature capabilities of Afghan ministries of defense and interior to conduct financial management operations and maintain accountability over its resources. For example, DoD reported in April 2012 the following capability ratings for ministry financial management capabilities:¹⁶

- Ministry of Defense Accountability and Transparency—Capability Milestone Rating 4 (The department or institution

exists but cannot accomplish its mission).

- Ministry of Defense Finance—Capability Milestone Rating 2A (The department or institution exists capable of executing functions with minimum coalition assistance; only critical ministerial or institutional functions are covered).
- Ministry of Interior Finance and Budget—Capability Milestone Rating 3 (The department or institution cannot accomplish its mission without significant coalition support).

Our planned oversight will assess how DoD is financially managing and accounting for use of funds in the ASFF. The primary benefits to be derived from this oversight are to identify funds that can be put to better use and strengthen controls to provide better accountability over the funds in the ASFF. Also, oversight coverage will evaluate whether the Combined Security Transition Command-Afghanistan and the Afghan Government are maintaining proper accountability over direct assistance funds and have the controls in place to ensure these funds are used for only authorized purposes.

FOCUS AREAS

- Verify that controls over ASFF transactions (including direct assistance) are sufficient to make sure they are in accordance with laws and regulations, documented properly, and used for only approved items.
- Evaluate controls over ASFF pseudo foreign military sales cases to determine whether available funds were accounted for properly and unliquidated obligations support valid needs.



GOVERNANCE AND DEVELOPMENT ISSUES

The U.S. reconstruction strategy emphasizes strengthening Afghan governance and supporting sustainable, inclusive growth. Since 2002, Congress has provided about \$22.3 billion to build Afghanistan’s governing institutions and foster economic and social development. This money has gone into a number of funds and supported a myriad of programs managed by USAID, DoS, and DoD including programs related to building governance capacity, promoting democracy and civil society, growing the economy, building or rehabilitating infrastructure, expanding access to education and health care, and expanding agricultural production. The four largest funds and programs, consisting of the Economic Support Fund, Commander’s Emergency Response Program, Afghanistan Infrastructure Fund, and Task Force for Business and Stability Operations; comprise about 89 percent of the \$22.3 billion appropriated for governance and development. See Appendix B for breakout of all funds appropriated for governance and development.

The Economic Support Fund, administered by USAID, accounts for about \$13.02 billion—or a little more than 58%—of the funding for programs to improve governance and promote economic development. Congress has provided \$3.4 billion for the Commander’s Emergency Response Program, the second largest fund supporting governance and economic development projects. In addition to the emergency response program, DoD is managing a number of smaller funds including the Afghanistan Infrastructure Fund and the Task Force for Business and Stability Operations. For FY 2013, the President has requested about \$2.86 billion for the four largest funds and programs supporting Afghanistan governance and development.

The following table shows the status of these funds and the Administration’s request for FY 013.

AFGHANISTAN GOVERNANCE AND DEVELOPMENT FUNDING (STATUS AS OF MARCH 31, 2012)

	FYs 05-12 Funds			FY 13 Funds
	Appropriated (billions)	Funds Obligated (billions)	Funds Disbursed (billions)	Requested (billions)
Commander’s Emergency Response Fund	\$3.44	\$2.21	\$2.03	\$0.43
Afghan Infrastructure Fund	\$0.80	\$0.27	\$0.03	\$0.40
Task Force for Business and Stability Operations	\$0.56	\$0.36	\$0.17	\$0.18
Economic Support Fund	\$14.95	\$11.47	\$8.82	\$1.85
TOTAL	\$19.75	\$14.31	\$11.05	\$2.86

Notes: Numbers affected by rounding. Data may include interagency transfers.

Sources: SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012. Amounts derived from SIGAR data calls to Office of Management and Budget (OMB), DoD, and USAID.

This plan addresses five strategic issues related to governance and economic development: (i) building Afghan governing capacity, (ii) sustaining U.S. investment in Afghan institutions and infrastructure, (iii) improving the Afghan Government’s ability to increase revenue, (iv) implementing civil service and pay reforms within the Afghan Government, and (v) supporting electoral reforms and preparing for upcoming elections.

ISSUE 3: BUILDING AFGHAN GOVERNANCE CAPACITY

STRATEGIC ISSUE

To what extent has the Afghan Government developed the financial management capacity to manage resources at the national and sub-national levels? What steps have been taken to ensure that lessons learned from prior capacity building programs at the sub-national levels have been incorporated into the design and implementation of follow-on capacity-building programs?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

The FY 2013 DoS Congressional Budget Justification for Foreign Operations includes a request for \$447.2 million for strengthening governance capacity within Afghanistan. Funding for strengthening governance totaled about \$908 million in FYs 2011 and 2012. The DoS budget justification states:

The United States will focus efforts on making formal and traditional governance structures sustainable by improving their representativeness and effectiveness. Programs will include work to strengthen financial, administrative, and technical capacity of Afghan Government institutions at both national and sub-national level, and help to improve sub-national basic service delivery. In addition, funds will support the Civil Service Commission to develop the capacities of Afghan Government line ministries at both national and sub-national levels and promote institutional reform. USAID will also continue

institutional strengthening efforts with Parliament to aid that institution in developing its oversight, legislative, and outreach capability.

A key focus of U.S. capacity building efforts is developing the capability within Afghan governmental institutions at both national and sub-national levels to make decisions about prioritizing the spending of finite resources that is reflected in governmental budgets and having governmental institutions follow through on the spending of resources through budget execution. Strengthening this capacity will help Afghans make responsible decisions about the use of their finite resources, one of the fundamental requirements of self-governance. It should also help the United States responsibly accelerate a shift to provide assistance directly to the Afghan Government, allowing it to assume greater responsibility for delivering sustainable basic services and providing greater economic opportunities to its people.

U.S. efforts in strengthening Afghan governmental budgeting capabilities parallel similar efforts of the Afghan Government. The Afghan Government's Ministry of Finance strategic plan for 2009-2014 aims to introduce program budgeting and provincial budgeting mechanisms focusing on results (outcomes) and channeling more resources to the provinces and linking line ministries budget to national development strategic priorities and objectives as well as to provincial development plans. Also, the ministry's Public Financial Management Roadmap, dated July 14, 2010 contains reform initiatives that strengthen program budgeting and improve budget execution.

Despite the priority placed on building governance capacity, the Afghan Government hasn't been

able to effectively execute its budgets. DoD reported the following about Afghan budget execution:

Budget execution continues to be a serious obstacle for the Afghan Government, which remains incapable of effectively executing the budgets of large-scale donor development projects. In the last three years, the Afghan Government has been able to execute only 40 percent of its total development budget each year. For the first six months of SY1389 (March-September 2010), the Afghan Government had spent 25.3 percent of its development budget. For the same period this year, development budget execution increased to 31.5 percent. These incremental gains, aided by technical assistance from USAID, the World Bank, and the Department of International Development, are positive steps. However, poor budget execution is endemic and will require generational change. The Afghan Government's success in executing its operating budget is more mature. The execution rate of the operating budget in the first nine months of this year was 64.7 percent, an increase compared to the execution rate of the first nine months of last year (60.4 percent).¹⁷

A report prepared by the Civil-Military Fusion Centre, titled "Use It or Lose It: Budget Execution in Afghanistan," dated April 2011, cited several systemic problems impacting effective Afghan budget development and execution, such as the lack of visibility and firm commitments about donor assistance, government officials at the national and provincial level not knowing their available funds to spend, complex approval processes, limited governmental capacity to design programs and award contracts, and limited decentralization of authority to provincial and district

offices. A SIGAR audit report titled “Weaknesses in Reporting and Coordination of Development Assistance and Lack of Provincial Capacity Pose Risks to U.S. Strategy in Nangarhar Province” (Report No. 11-1, issued October 26, 2010) affirmed the systemic problems discussed in the Fusion Centre report. Additionally, a GAO audit titled “Performance-Data Gaps Hinder Overall Assessment of U.S. Efforts to Build Financial Management Capacity,” concluded that there was insufficient data to show that USAID projects had improved the capacity of Afghan public financial management.¹⁸

We believe that unless the systemic weaknesses previously discussed are fixed, there is high risk that USAID projects may not be successful in improving the capacity of the Afghan Government to prepare and execute budgets and manage its resources effectively. Further, the GAO audit identified shortcomings with USAID’s measurement of project outcomes for building financial management capacity.¹⁹ Without clear metrics of performance, there is high risk that USAID may not be providing sufficient oversight of technical advisers to ensure they are performing as required and that programs are designed and implemented with a clear focus toward transition and sustainability to the Afghan Government. We plan to address these and other risks in providing oversight coverage of U.S. efforts in building Afghan governance capacity.

USAID has several ongoing assistance programs to improve governance capacity at the provincial, district, and municipal levels of government. During FY 2012, USAID OIG and SIGAR completed audits of the Afghanistan Stabilization Initiative and the Local Governance Development Program.²⁰ The

stabilization initiative and local governance program were intended to create conditions that build confidence between communities and the Afghan Government through district or local officials by providing grants for small-scale development projects, training local officials in public administration, and increasing the capacity of district and local governments to deliver services to their citizens. The audits identified millions of dollars in questioned cost, weak program and contract oversight, and little evidence of success. Because of these previously reported problems, we will continue to provide oversight of follow-on governance capacity building programs such as the District Development Program, Performance-Based Governor’s Fund, and the Regional Afghan Municipalities Program for Urban Population. Our planned oversight will evaluate the outcomes and merits of these programs, validate contract costs, and determine whether USAID applied lessons learned from prior governance programs into the design and execution of follow-on programs. Also, we plan to prepare a capstone report to capture the results of the body of oversight work we performed of governance programs and summarize the lessons learned, remaining challenges, and any gaps in the actions being taken by the U.S. Government to address the challenges to building effective and sustainable governance capacity.

FOCUS AREAS

- Determine the extent to which the Afghan Government has developed the capacity to prepare a budget that reflects the priorities and needs of the national and sub-national levels of government and includes the resources required to support



operations and maintenance costs of government ministries and provincial governments.

- Assess the extent of actions taken by the Afghan Government to improve the capacity of the ministries to spend funds and execute operations in accordance with the approved budget.
- Determine if U.S. funded governance and capacity building programs include provisions for transitioning responsibilities from external technical experts to Afghan civil servants.
- Evaluate lessons learned from previous governance programs and determine if USAID incorporated these lessons into the design and implementation of follow-on programs for building the capacity of governments at the sub-national level.

ISSUE 4: SUSTAINING U.S. INVESTMENT IN AFGHAN INSTITUTIONS AND INFRASTRUCTURE

STRATEGIC ISSUE

To what extent have U.S. reconstruction programs and investments taken into account the capacity of the Afghan Government to sustain these programs and investments?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

Since 2008, the Inspectors General and GAO reported the need for integrating sustainability into the various programs that were audited. A June 2011 Senate staff report issued by the Committee on Foreign Relations recommended that U.S. assistance to Afghanistan focus on sustainability.²¹ The report cited a simple rule: Donors should not implement projects if Afghans cannot sustain them. The report said:

“Development in Afghanistan will only succeed if Afghans are legitimate partners and there is a path toward sustainability. The Afghan Government must have sufficient technical capability and funding to cover operation and maintenance costs after a project is completed. A sustainability strategy would consolidate our programs, increase on-budget aid, streamline our rules and controls, and pursue a limited number of high-impact programs that do not require complex procurement or infrastructure.”

The Commission on Wartime Contracting in its final report to Congress stated that billions of dollars already spent, including spending on apparently well-designed

projects and programs, will turn into waste if the host governments cannot or will not commit the funds, staff, and expertise to operate and maintain them.²² The report went on to state in overseas contingencies that require funding for contracts, planning for projects and programs must take into account the host country’s technical and financial capabilities to operate and maintain them once international donors’ support is gone. Failure to do so not only wastes U.S. taxpayers’ funds, but undermines local-government credibility and impedes progress in reconstruction and stabilization. The Commission recommended that officials at DoD, DoS, and USAID:

- Examine both completed and current projects for risk of sustainment failure and take appropriate action to cancel or redesign programs and projects that have no credible prospect of being sustained.
- Ensure that any new requirements and acquisition strategies for contingency contracts for projects or services to be handed over to a host nation include a detailed assessment of long-term costs and of host nations’ ability and willingness to meet those costs.
- Report to Congress, by December 31, 2011, and annually thereafter, their analysis and proposed actions for mitigating sustainability risks.

In June 2011, USAID Administrator issued the sustainability guidance for Afghanistan. The guidance required for every project an estimate of all recurrent costs needed to maintain the services, infrastructure, and institutions, as well as ongoing capacity building investments that will be required. The guidance also required the development of plans with the Afghan Government, and other donors to

ensure such costs are priorities and are within budget in a scarce resource environment. Projects are to be recommended for modification, postponement, or cancellation if there is not a sufficient commitment to fund recurrent costs.

DoD also established regulations to consider project sustainability as part of evaluating projects funded under the Commander’s Emergency Response Program. Program regulations for evaluating proposed projects of \$50,000 or more note that responsible staff are required to consider the sustainability of the project, including preparing a memorandum of agreement and obtaining the signature of the responsible Afghan official acknowledging responsibility and his or her commitment to budget for this agreement. These regulations also state staff should address whether recipients of program funding for projects equal to or greater than \$500,000 have a plan for sustainability and who will be providing long-term maintenance and sustainability for the project.²³

To ensure that the sustainability guidance is followed, the Congress put restrictions on the use of some funds appropriated for reconstruction when it passed the Consolidated Appropriations Act, 2012. The appropriations act states that none of the funds appropriated for the Economic Support Fund and International Narcotics Control and Law Enforcement may be obligated for assistance for the Government of Afghanistan until the Secretary of State, in consultation with the USAID Administrator, certifies that funds will be used to design and support programs in accordance with the June 2011 “Administrator’s Sustainability Guidance for USAID in Afghanistan.”²⁴

While issuance of the sustainability guidance is a step in the right direction, we believe there



is risk that sustainment plans do not exist for many programs or projects, or the plans that do exist have estimates of recurrent costs that are not reliable or lack a committed funding source. Factors that may increase risk are the lack of implementing procedures and criteria for defining what programs are enduring and require sustainment funding, particularly when a complete inventory of reconstruction projects and their status has not been maintained. Also, DoD doesn't have a dedicated recurring funding source to fund the sustainment of projects through the Commander's Emergency Response Program, Afghanistan Infrastructure Fund, and the Task Force for Business Stability Operations.

Our planned oversight will look at sustainment planning on both

a comprehensive government-wide basis and as part of audits and inspections of individual programs and projects. We will evaluate compliance with the Consolidated Appropriations Act, 2012 and the USAID Administrator's Sustainability Guidance for USAID to Afghanistan. The benefit derived from this oversight ties back to conclusions reached by the Commission on Wartime Contracting and the recognition that failure to adequately address sustainment will not only waste U.S. taxpayers' funds, but undermine local-government credibility and impede progress in reconstruction and stabilization. Also, compliance with the sustainability guidance will better ensure that ongoing and planned assistance programs are cost-effective.

FOCUS AREAS

- Determine whether sustainability was integrated into current development programs consistent with the Administrator's Sustainability Guidance for USAID to Afghanistan.
- Identify common problems with sustainment of development programs, lessons learned, remaining challenges, actions being taken to address the challenges, and any gaps in the actions the U.S. Government is taking to address sustainment issues.
- Assess the extent to which the U.S. Government developed requirements and programmed funds to support sustainment of Afghan programs and infrastructure investments.

ISSUE 5: INCREASING REVENUE GENERATION WITHIN THE AFGHAN GOVERNMENT

STRATEGIC ISSUE

To what extent has the Afghan Government made progress in generating revenues to fund governmental operations? Has U.S. assistance been used effectively to implement Afghan customs and tax reform initiatives?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

Revenue generation is a critical issue for the Afghan Government, which does not collect enough through various taxes to sustain current operations or fund development projects. Although the Afghan's Government's ability to generate revenue has gradually improved over the last few years, the World Bank estimates that expenditures will continue to outpace revenues, leaving significant budget shortfalls throughout the next decade.²⁵ At the Bonn Conference, Afghan President Hamid Karzai stated that Afghanistan would be dependent on about \$10 billion per year of international economic aid until 2025.²⁶ One of the goals agreed upon at the Tokyo Conference on Afghanistan was to improve the Afghan Government's revenue collection through more efficient, transparent, and accountable customs and tax systems.²⁷ The agreed upon metric was for the Afghan Government to raise the ratio of revenue collection to gross domestic product from 11 percent to 15 percent by 2016, and to 19 percent by 2025.²⁸

As of May 6, 2012, the website for the Afghan Government's Ministry of Finance reported that a top priority for the central government is to commence mobilizing revenue so it can quickly provide essential services from its own resources. Afghanistan's SY1390 (fiscal year ending March 2012) National Budget stated that the main objective of the government's fiscal strategy over the medium term is to ensure that domestic revenues are adequate to finance the operating budget. This is the government's measure of fiscal sustainability. Therefore, as domestic revenues improve, the government aims to gradually takeover funding of donor grants for the operating budget. The SY1390 budget forecasted a 31.7 percent increase in domestic revenues and the SY1391-1393 Ministry of Finance Pre-Budget Document dated September 2011 forecasted a 21 percent revenue increase for SY1391 (fiscal year ending March 2013). Afghan revenues are derived from taxes on international trade and transactions (customs duties); taxes on income, profits, capital gains, and property; taxes on the sales of goods and services; and other taxes and fees collected from the selling of mineral rights.²⁹

The Ministry of Finance Strategic Plan SY1388-1392 cited a number of initiatives focused on enforcement of tax and customs laws and regulations, collection of tax and non tax revenues, tax and customs reform. Some of the major reform initiatives for improving customs revenue include:

- automating the declaration processing system and revenue reporting;
- developing a bonded carrier and warehousing system;
- improving enforcement activities;
- building and equipping customs stations and laboratories; and

- developing the training capacity for customs operations.
- Major tax reform initiatives cited in the ministry's strategic plan include:
- educating the Afghan community on the need for revenue mobilization for the central government and building confidence in a fair and honest revenue administration;
 - implementing a tax code;
 - developing simple and easy tax forms with instructions for determining tax liability
 - implementing a taxpayer identification process;
 - establishing an efficient process for processing tax forms and tax refunds that is not burdensome on business and individuals; and
 - building the capacity for tax enforcement.

Other revenue initiatives include commercializing the public utility sector such as building the capacity of the national electricity utility, Da Afghanistan Breshna Shekat (DABS) to operate on a full cost recovery basis through customer billing and collection for electrical service. The pre-budget document forecasts that at least 75 percent of electric sector costs will be recovered from users connected to the national power grid by SY1393 (March 2015).

The website for the Afghan Government's Ministry of Finance cited several challenges and risks related to enhancing revenue collection including 1) low skill levels of tax officials, 2) systematic corruption of tax officials, 3) low wages of civil servants, 4) inefficient work methods, systems and practices to administer taxes, 5) widespread non-compliance with tax laws, and 6) enforcement of tax laws dependent upon police with little controls and uncertain accountability for actions. The finance ministry stated that assistance for

taxation administration needs to be urgently increased.

USAID is funding a five year project (\$63 million total during 2010-2014) to simplify the customs clearance process.³⁰ Customs collections are susceptible to fraud and corruption. According to DoS, corruption issues range from small bribes paid to customs inspectors to large-scale smuggling and fraud that are often tied to provincial governments and criminal patronage networks.³¹ DoS reported that customs collection has grown from \$50 million in 2004 to almost \$1 billion in 2011. However, staff members at inland custom depots have suggested that up to 70 percent of potential border revenue is lost because of corruption. The Afghan Presidential Executive Commission was designed to root out corruption in customs collections, but it had still not been established as of March 30, 2012. DoS noted that the commission's authority could be used for counter-corruption efforts at borders, airports, and customs depots.³² The U.S. Department of Homeland Security's Border Management Task Force is the main U.S. agency that aids the Afghan Government in its development of anti-corruption measures at customs locations in Afghanistan. The Task Force provides infrastructure and training programs to the Afghan Customs Department and Afghan Border Police.³³

The DOS Budget Justification for FY 2013 requests funding to strengthen Afghanistan's management of public finances, particularly in revenue and expenditure management. Assistance will support implementation of tax administration and customs reforms in Afghanistan's key provincial economic centers, diversifying Afghanistan's public revenue sources and improving prospects for achieving fiscal sustainability.

The budget justification stated that USAID will significantly expand commercialization efforts throughout major cities in the country by improving billing and collections for electricity services, and reduced revenue losses due to illegal connections and non-payment. Other ongoing USAID programs such as Land Reform in Afghanistan will assist the Afghanistan Land Authority to identify, manage, lease, and obtain revenue from Afghan Government lands.

In addition to the challenges and risks identified by the Ministry of Finance in regard to revenue collection, we believe there is risk that the Afghan Government may be trying to increase revenue by charging import duties, taxes, and other fees on goods imported into the country or goods and services acquired in country by contractors doing work under U.S. reconstruction contracts. International agreements between the U.S. Government and the Afghan Government exempt these goods and services from Afghan Government taxation.³⁴ Also, U.S. assistance is funding the construction and equipping of customs stations and laboratories. We believe there is risk that customs stations and laboratories may not be fully sustained, thereby undermining efforts to implement custom reforms and increase revenue.

During the next two years we plan to commit oversight resources focusing on revenue generation by the Afghan Government. We will examine whether Afghan governmental entities were charging contractors working on U.S. funded contracts for import duties, taxes, and other fees that were exempt under international agreements and whether these costs were passed on to the U.S. Government. Also, we will determine whether U.S. assistance in support of revenue generation is focused on the Afghan

Government's greatest needs and delivering expected outcomes. The primary benefit we anticipate from our efforts is improving the effectiveness of U.S. assistance in enhancing the Afghan Government's generation of revenue and reducing its dependence on the United States for long-term assistance funding.

FOCUS AREAS

- Assess the Afghan Ministry of Finance's progress and remaining challenges in implementing customs and tax reforms, and determine if USAID's assistance is focused on addressing these challenges.
- Determine the extent to which Afghanistan and Pakistan earned revenue from exempt import duties and taxes on U.S. Government shipments, and the actions the U.S. Government has taken to seek refund of taxes and duties paid.
- Determine the progress made by the Afghan Government in commercializing the public utility sector and generating the revenues to fund continuing operations.
- Assess the Afghan Government's progress and remaining challenges in implementing land reform initiatives, and determine the extent to which USAID's assistance is focused on addressing these challenges.

ISSUE 6: IMPLEMENTING CIVIL SERVICE AND PAY REFORMS WITHIN THE AFGHAN GOVERNMENT

STRATEGIC ISSUE

To what extent has the Afghan Government been successful in implementing civil service and pay reforms, and what actions are planned or being implemented to address remaining implementation challenges and impediments?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

Under Afghanistan's SY1390 National Budget (March 2011-March 2012), about 76 percent of the government's operating budget was for wages and salaries of government employees. For SY1391, which began in March 2012, wages and salaries were expected to increase by about 19.5% for SY1391 because of increased personnel in the security forces and the implementation of pay and grade reforms.³⁵ A large portion of the Afghan Government's wages and salaries were paid for through the Afghanistan Reconstruction Trust Fund, Law and Order Trust Fund for Afghanistan, and ASFF.³⁶ The United States was the largest donor to the Afghanistan Reconstruction Trust Fund and Law and Order Trust Fund.³⁷

The Civil Service Support Program is USAID's program providing direct on-budget cash assistance to reform and train the Afghan civil service.³⁸ The program works through the Afghan Independent Administrative Reform and Civil Service Commission (IARCSC) to raise the skill levels of Afghan civil servants to modernize,

institutionalize, and harmonize common administrative systems across the ministries, and create a system for civil service training within the government. As of December 2011, the IARCSC completed pay and grade reform for 267,307 civil servants and teachers in 17 ministries and agencies and implemented the human resource management information system to maintain data on all civil servants. The Acting Director General of IARCSC said: according to the decision of Council of Ministers all

qualifications, vetting of senior officials, and implementing merit-based hiring and promotion.

The Ministry of Finance Annual Performance Review Report SY1390 stated that the Verified Payroll Program covers 622,483 (registered) government employees. The payroll program was established to improve pay management, reduce payroll errors, and speed up the process of salary payments. The report further stated that 406,447 government employees who were registered in the payroll program



governmental agencies should be brought under coverage of pay and grading system by the end of 1391 (March 2013).³⁹ By having a standard salary structure, the Afghan Government can curb abuses related to bribes and kickbacks in setting employee pay and be able to better control salary costs by ensuring that government employees are paid amounts commensurate with their duties and responsibilities. Other major reform initiatives include establishing position

received their monthly payments through direct deposits to their bank accounts. The goal of the Afghan Government is to have 100 percent of government employees in the payroll program and receiving their salary payments through direct deposit by March 2015. Implementation of the payroll program and paying salaries through direct deposit can help reduce corruption and improve transparency and controls over the pay process.

Prior audits have identified significant problems with the transparency and controls over pay within the Afghan Government. A SIGAR audit with a report date of October 2010 concluded that neither the Afghan Government nor donors can account for the total number of Afghan Government employees and technical advisors that receive salary support and how much they are paid, due in large part to a lack of transparency.⁴⁰ In April 2011, SIGAR reported that the payroll system for the Ministry of Interior provided

Also, we consider civil service and pay management high-risk areas because of the patronage influence in personnel decisions within the Afghan Government and vulnerability of pay to abuse and corruption. Some of the key risks include:

- pay and grade reform not uniformly implemented throughout the government;
- government officials discriminating against women and ethnic minorities in making merit-based hiring and promotion decisions;

thereby increasing the likelihood of data entry errors and lack of adequate safeguards regarding separation of duties and password protections; and

- Afghan ministries lacking resources to acquire computers and operate networks to support automated pay and personnel systems, thereby hampering payment of salaries.

Our planned oversight will address these risks as part of our audits and inspections of personnel and pay processes. The primary benefit we anticipate from our oversight is to help ensure that civil service and pay reforms are implemented successfully and that the proper controls are in place to mitigate fraud, waste, and abuse.

FOCUS AREAS

- Determine whether USAID's Afghan Civil Service Support Program achieved expected outcomes in support of initiatives to implement merit-based hiring and promotion, and pay and grade reform.
- Identify the remaining implementation challenges for implementing merit-based hiring and promotion, and pay and grade reform, and assess the extent to which USAID's assistance is focused on addressing these challenges.
- Assess the Afghan Government's implementation of the Verified Payroll Program and determine the extent to which the government demonstrated the capability to make salary payments to its civil service employees for only authorized personnel, in accordance with approved salary structures, through direct deposit, and within established time frames.



little assurance that the ministry paid only working Afghanistan National Police personnel or that funds administered through the Law and Order Trust Fund for Afghanistan reimbursed only eligible costs.⁴¹ DoD OIG issued a report in February 2012 that identified \$47.8 million of errors in payroll advances for the Afghan National Army that were attributed to inadequate controls and procedures for verifying correct pay amounts.⁴²

- pay structures not synchronized with standard position descriptions and qualifications;
- merit based hiring and promotions not consistently implemented and enforced;
- pay approval processes requiring inordinate number of approvals causing delayed payments and greater opportunity for corruption/bribes;
- low literacy rates and skill levels in operating automated personnel and pay systems,

ISSUE 7: IMPLEMENTING ELECTORAL REFORMS AND PREPARING FOR PRESIDENTIAL ELECTION

STRATEGIC ISSUE

Has U.S. assistance been successful in achieving intended outcomes and sustainable electoral reforms and to what extent have preparations been made for administering the Afghan 2014 elections?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

A key priority of the U.S. reconstruction strategy is to support inclusive and constitutional Afghan presidential elections in 2014 and parliamentary elections in 2015. The United States and the international community see free and fair presidential and parliamentary elections as fundamental to establishing a government that is legitimate in the eyes of the majority of the Afghan people and thereby contributing to political stability.

In its budget justification for FY 2013, the DOS requested funding of \$64.3 million for assistance programs involving political competition and consensus building.⁴³ These funds are in addition to the \$37 million of assistance provided during FY 2012 that were used to build on institutional strides made during the 2010 parliamentary elections by enhancing the professionalization and capacity of Afghanistan's Independent Electoral Commission as it plans for future local, provincial, and national elections. The FY 2012 budget justification cited an objective of training about 170,000 officials for election administration at the national, provincial, district,

and polling-station levels. The FY 2013 budget justification stated that funds will be used to support programs to strengthen the Afghan electoral system in preparation for the 2014 presidential and 2015 parliamentary elections. The same justification stated that the United States will help Afghans explore options to strengthen their electoral system by sponsoring dialogues on various longer-term reforms to improve the responsiveness and representativeness of Afghan political institutions and processes. Other programs will provide training to political parties, issued-based coalitions, and political entities to participate more effectively in the Afghan political process and to be more responsive to constituent interests. Important voter and civic education programs will engage and inform the Afghan population about the importance of the democratic electoral and political process, as well as individual rights and responsibilities to participate in that process.

A major risk related to the upcoming 2014 presidential election is that it is occurring when the United States and NATO will have substantially drawn down military forces and transitioned security responsibilities to Afghan security forces. President Karzai hinted at the possibility of moving elections up to 2013, which may leave insufficient time to train electoral personnel and prepare for the elections. Also, concerns over a security vacuum with the drawdown of U.S. and NATO will likely make it more difficult to contract for technical advisers, particularly in insecure areas, to conduct training of election officials and execute U.S. electoral assistance programs at the provincial, district, and local levels. Further, prior audits raised concerns about sustainability of the Afghan electoral system and maintaining a reliable voter registry,

thereby driving a need for another large infusion of assistance funds to conduct elections.

SIGAR issued a report in September 2009 on an audit of Afghan electoral capacity.⁴⁴ This report cited a need for and recommended a strategy to address national electoral capacity, matched with an Afghan budget and human resource structure capable of supporting sustainable electoral processes. To prepare for the 2010



elections, the audit determined that the international community made available nearly \$490 million in assistance to support a legitimate Afghan election administered by the Independent Election Commission, of which the U.S. support comprised over half (\$263 million), as of August 2009. The audit found a lack of focus on transferring the skills to conduct elections and building the long-term Afghan capacity to internally conduct elections without another large commitment

of resources, raising the risk that international donors will need to continue to fund the election process, particularly if broader capacity development concerns are not addressed.

Nearly two years later, USAID OIG issued a report on an audit of USAID's Support to the Electoral Process in Afghanistan.⁴⁵ This report identified the need for the following actions to better ensure credible elections:



- instituting legal reforms to protect the independence of the Independent Election Commission and the Electoral Complaints Commission;
- reforming the “single non-transferable vote” system of representation;
- implementing actions to make Afghanistan's electoral system more sustainable; and
- improving reliability of the voter registry.

In addition, the audit found that

contractor performance reviews for the Support to the Electoral Process Program were not prepared and a rural radio program was not implemented.

On December 19, 2011, five members to the Afghanistan Independent Election Commission who were appointed by President Karzai were sworn in. The President's sole discretionary power over appointments to the commission has fueled concerns among some opposition groups regarding its impartiality in future elections.⁴⁶ Also in December, the commission and United Nations Development Programme signed ELECT II (Legal and Electoral Capacity for Tomorrow, second phase), a two-year electoral assistance project focused primarily on continued capacity-building and the strengthening of the commission.⁴⁷

A review of the Afghanistan Ministry of Finance Pre-Budget document for SY1391-1393 (March 2013-March 2015) shows funding of about \$2.3 to \$2.4 million for on-budget operations of the Independent Electoral Commission and no development funds programmed for implementing electoral reform initiatives. The low level of funding by the Afghan Government indicates that it remains dependent on donor assistance to sustain the prior investments made in developing national electoral capacity. Some of these prior investments funded by U.S. assistance include 1) implementing a sustainable national voter registration program, to inform and engage the Afghan public, and to deliver a credible voter register in time for elections; 2) training party poll watchers and candidate polling agents to effectively participate in election day activities, and training journalists in elections coverage; 3) standing up 34 provincial electoral offices and respective national

headquarters offices; 4) developing procedures to manage and process election complaints; and 5) conducting pre-election preparations, election operations, and logistics, and post-election sustainability. Afghanistan faces significant challenges in ramping up its own financial support for elections, and other technical and political challenges must be overcome to make Afghanistan's electoral institutions sustainable.

Our planned oversight of U.S. assistance to the Afghan electoral system will focus on the risks previously discussed. We plan to determine whether USAID's electoral assistance programs are focused on the greatest needs and achieving intended outcomes in time for the upcoming elections. Additionally, we plan to review these programs to determine the extent to which they were designed for sustainability by the Afghan Government.

FOCUS AREAS

- Determine if USAID electoral programs (Enhancing Legal and Electoral Capacity for Tomorrow, Support to the Elections Process, and Support for Increased Electoral Participation in Afghanistan) are achieving intended outcomes and will be completed in time for the 2014 elections.
- Assess the remaining challenges in preparations for the 2014 elections and evaluate whether U.S. assistance is focused in the most critical areas to best prepare Afghan Government for the elections.
- Determine the extent to which capacity building efforts within the Afghan Independent Election Commission and electoral reforms (e.g. national voter registration program) are sustainable.

COUNTERNARCOTICS AND LAW ENFORCEMENT/RULE OF LAW ISSUES

Afghanistan produces 90% of the world's opium and the drug trade constitutes one of the most significant challenges to Afghanistan's reconstruction.⁴⁸ Poppy cultivation and the drug trade undermine rule of law by fueling an illicit economy that supports the insurgency. The President has asked Congress to increase funding for both counternarcotics and rule of law programs.

Congress appropriated \$5.8 billion for counternarcotics initiatives in Afghanistan from 2002 through March 30, 2012.⁴⁹ DoD and DoS have requested \$630.4 million in FY 2013 for counternarcotics programs, about a 12 percent increase over FY 2012 appropriations.⁵⁰

The DoD counternarcotics appropriation primarily funds intelligence operations to detect and monitor drug trafficking, air mobility and training for the Afghanistan counternarcotics police, and facilities, training, and equipment for the Afghanistan counternarcotics border police.⁵¹

In its FY 2013 Budget Justification for Foreign Operations, the DoS stated that funds it requested for counternarcotics activities will continue to finance operations and maintenance support to the counternarcotics police of Afghanistan including facilities maintenance, salary supplements, basic provisions, and mentoring. Also, funding will be used to train and mentor counternarcotics police teams and continue a broad capacity building effort for the Afghan Ministry of Counter Narcotics. Assistance will help the ministry further develop and manage drug policy including regional cooperation, implementing incentive-based provincial programs such as the Good Performers Initiative, promoting provincial poppy reduction with Governor Led Eradication, and improving public information programs. Both the performers initiative and interdiction programs have a significant role in reducing the cultivation of illicit crops and the trafficking of drugs, which fund the insurgency and are most prevalent in the insecure provinces where the footprint of the U.S. military is most substantial. The budget justification further stated the DoS will work with Afghan authorities to mitigate the social impact of drug use through public outreach, improved addiction prevention and treatment programs, and drug demand reduction initiatives. Funds will also be used to pay for additional program management and oversight requirements in Afghanistan and other allowable administrative costs including aviation support, operations and maintenance, transportation, and personnel recruitment and training.⁵²

A major part of the U.S. reconstruction strategy is focused on expanding Afghans' access to justice and promoting the rule of law.⁵³ U.S. support for the rule of law in Afghanistan focuses on efforts to provide Afghans with meaningful access to fair, efficient, and transparent justice. The U.S. Government is also funding programs to develop Afghan capacity to effectively investigate and prosecute national security and major counternarcotics cases. Key objectives of the strategy⁵⁴ are to:

- improve and expand access to the formal justice sector by increasing capacity and reducing corruption in key state justice institutions;
- partner with the Afghan Government to increase its capacity to manage its correctional facilities, thereby promoting a safe, secure, and humane corrections system that does not encourage radicalization of prisoners;
- assist Afghan efforts to regularize the traditional justice system and develop linkages with the formal justice system; and
- strengthen the leadership capacity of the Afghan Government's justice sector institutions and civil society organizations.

Congress appropriated \$448.4 million for rule-of-law efforts in FY 2012, and DoS has requested \$471.1 million more for FY 2013.⁵⁵ The funds requested for FY 2013 will be used for the Administration of Justice Program, Justice Sector Support Program, and Corrections System Support Program.⁵⁶

Funds for the Administration of Justice Program will focus on the promotion of civil society to create a demand for legal rights to ensure that the need for a strong security sector is balanced by government protection of individual rights, including the protection of at risk populations, particularly women and children.

The Justice Sector Support Program provides training and mentoring programs on a nationwide basis, helping investigators, prosecutors, defense attorneys, and judges to more effectively administer the justice system, while also providing direct support to the Afghan Government's Attorney General's Office, Ministry of Justice, Supreme Court, Ministry of Women's Affairs, and other justice organizations. Assistance to ministries will include support for salaries, infrastructure, and system integration. Programs will increasingly focus on building sustainability within



Afghan justice institutions through a continuing program to develop organizational capacity for planning, financing, communication, and functionality at the national and provincial levels. Funds will also support protective services initiatives for women and children including shelters, legal aid for indigent women, legal rights of women, and professional development programs for Afghan female justice practitioners. Funding will continue to support anti-corruption programs, judicial security, and counternarcotics justice programs.

The Corrections System Support Program provides a broad array of assistance to the correctional sector including advice and training for officials at provincial prisons, inmate rehabilitation, infrastructure support, and initiatives for women and juveniles. Funding will support an embedded capacity building team at the Central Prison Directorate headquarters to help develop effective policies to ensure a safe, secure, and humane Afghan corrections system. Salary support will be provided for the prison directorate through the Law and Order Trust Fund for Afghanistan. Other activities in FY 2013 will include study trips to U.S. correctional facilities and a variety of services for vulnerable inmate populations, including women and their children and juveniles housed in facilities managed by the Juvenile Rehabilitation Directorate. Funds will also be used to pay for program management and oversight requirements in Afghanistan including aviation support, operations and maintenance, transportation, and personnel recruitment and training.

This plan addresses three strategic issues related to counternarcotics and rule of law programs: (i) execution and sustainment of counternarcotics programs, (ii) building and sustaining the Afghan justice system, and (iii) implementing anti-corruption initiatives.

ISSUE 8: EXECUTING AND SUSTAINING COUNTERNARCOTICS PROGRAMS

STRATEGIC ISSUE

Has U.S. assistance for Afghanistan been successful in achieving the goals and objectives of the counternarcotics strategy? To what extent is the Afghan Government capable of assuming a lead role and sustaining progress in counternarcotics operations?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

In its latest opium survey, the United Nations Office on Drugs and Crime (UNODC) reported that the cultivation, manufacture, and distribution of illicit drugs remain a major problem in Afghanistan.⁵⁷ The UNODC survey report cited the following negative trends from 2010 to 2011:

- a 7% increase in opium cultivation (after eradication);
- increase from 14 to 17 provinces affected by poppy cultivation;
- a 61% increase in the amount of opium produced; and
- a 133% increase in the total farm-gate value of opium production.

DoD reported a total of 167.6 metric tons of opium seized through interdiction operations for the 12-month period ending March 31, 2012.⁵⁸ The total 12-month seizure is equivalent to about 630 metric tons of opium after factoring in seizures for morphine and heroin and converting the seizures to equivalent yields of opium production. To put these seizures in context, the UNODC 2011 opium survey reported that

the amount of opium produced in Afghanistan increased from 3,600 to 5,800 metric tons from 2010 to 2011. Thus, the amount of drugs seized through interdiction operations has not kept pace with the increase in opium production.

The DoD *Report on Progress Toward Security and Stability in Afghanistan*, dated April 2012, reported major decreases in the amount of illicit drugs seized and arrests made during the 6-month period ending March 31, 2012 compared to the 6-month period ending September 30, 2011. The report cited a 49 percent decrease in seized opium, a 54 percent decrease in seized morphine, a 93 percent decrease in seized heroin, a 56 percent decrease in seized liquid precursor chemicals, and a 50 percent decrease (a total of 256 individuals) in the total number of suspects arrested.

The DoD progress report further stated that the United States has been revising its counternarcotics strategy for Afghanistan. This revision will prioritize counternarcotics assistance during the security transition and drawdown of U.S. and coalition combat forces. Additionally, the report stated that at the operational level, a new counternarcotics campaign strategy was signed by the Commander, International Security Assistance Forces. The campaign strategy reiterates the importance of degrading the insurgent-narcotics nexus while simultaneously developing Afghan capacity and capability for eventual transition to greater Afghan responsibility.

Prior audits of counternarcotics programs identified problems with counternarcotics strategy, sustainability, performance measurement, and contracting. DoS OIG issued an audit report titled “Status of the Bureau of International Narcotics and Law Enforcement

Affairs Counternarcotics Programs in Afghanistan” (Report No. MERO-A-10-02, issued December 2009). The audit evaluated the effectiveness of counternarcotics programs administered by the Bureau of International Narcotics and Law Enforcement Affairs and identified risks with the strategy to include an unclear end state, lack of sustainment planning, and transition of programs to the Afghan Government. The report also cited a need for better interagency coordination.

A USAID OIG audit of USAID/Afghanistan’s Alternative Development Program Expansion, South West (Report No. 5-306-10-011-P, issued July 29, 2010) found that the program made progress



toward counteracting illicit poppy cultivation by providing alternative development programs and improved economic opportunities in selected southern and western provinces. However, the USAID OIG reported that sustainability of poppy reductions through alternative development may not be possible due to: 1) a lack of a follow-on alternative development program, 2) a critical southern province not being included in the program, 3) potentially limited access to markets for cereal crops and unstable cereal prices, 4) the chance that the success or failure of programs outside the mission's control may affect poppy cultivation and harvest, and 5) unavailability of water to grow alternative crops.



GAO reported that it was unable to fully assess the progress of the counternarcotics strategy due to a lack of performance measures and interim performance targets to measure Afghan capacity to conduct counternarcotics operations.⁵⁹ Also, GAO reported concerns about the unclear use of performance information that DoD collected in its database.⁶⁰ In its report, GAO stated that the full benefit of collecting performance information is realized only when managers use this information to inform key decisions to improve programs and results, such as identifying corrective actions, allocating resources, and sharing best practices for program implementation. In addition, DoS OIG and DoD OIG conducted several audits of support contracts for counternarcotics programs. These audits identified multiple problems with contract management such as poorly written contracts, contract overpayments, and inadequate monitoring of contractors to ensure they performed in accordance with the contract and correctly billed for the services provided to the government.⁶¹

We consider counternarcotics programs a high risk because of the \$630.4 million of new funding requesting for FY 2013 (12 percent increase from prior year) combined with the declining indicators of progress regarding poppy cultivation and drug seizures. Also, prior audits have reported on problems with the counternarcotics strategy, sustainability of counternarcotics programs, performance management, and contract management. The United States has developed a new counternarcotics campaign strategy, and our planned oversight will focus on how well this strategy is working. Also, we will evaluate how DoD and the Bureau of International Narcotics and Law Enforcement Affairs are monitoring

program performance (including oversight of contracts).

In addition, our planned oversight coverage will focus on sustainment of counternarcotics programs and evaluate progress in transitioning counternarcotics responsibilities to the Afghan Government. The Consolidated Appropriations Act 2012 states that none of the funds appropriated for the International Narcotics Control and Law Enforcement may be obligated for assistance for the Government of Afghanistan until the Secretary of State, in consultation with the USAID Administrator, certifies that funds will be used to design and support programs in accordance with the June 2011 "Administrator's Sustainability Guidance for USAID in Afghanistan."⁶² We plan to determine the extent of compliance with the sustainability guidance as part of our oversight of transitioning counternarcotics responsibilities to the Afghan Government.

FOCUS AREAS:

- Determine if counternarcotics programs (poppy elimination/eradication, drug interdiction, justice reform, public information, and drug demand reduction) are achieving intended outcomes and identify the challenges and impediments to making sustained progress.
- Examine U.S. agencies' monitoring and evaluation of counternarcotics programs and determine actions taken to reevaluate the strategic approach and program direction in response to program metrics and outcomes achieved.
- Assess the extent to which the Afghan Government is prepared to sustain counternarcotics programs.

ISSUE 9: EXPANDING THE CAPACITY AND SUSTAINING THE AFGHAN JUSTICE SYSTEM

STRATEGIC ISSUE

To what extent have rule-of-law programs been effective at improving the overall justice and corrections system within Afghanistan and increasing public access to justice?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

The United States and coalition partners conduct a broad range

of programs that promote the rule of law in Afghanistan. The DoD rule-of-law efforts include: field support to civilian rule of law teams; training judges, prosecutors, and corrections officials; providing necessary infrastructure for courts and prisons; and training MoI police forces in many aspects of law enforcement, from investigations to community policing. USAID provides broader governance and economic development support, and DoS provides funding for modernizing court administration and developing transparency in the prosecutorial process. Other agencies like Justice, Treasury and Commerce provide subject matter experts who advise and train key members of Afghanistan's rule of law effort.⁶³

Progress in advancing the rule of law in Afghanistan continues

to be mixed despite millions of U.S. dollars spent in this area. In its latest *Report on Progress Toward Security and Stability in Afghanistan*, DoD described "lack of access to the formal justice system, poor enforcement of the human rights protections guaranteed by the Afghan constitution, pervasive corruption, insufficient transparency, and unsatisfactory protection of justice facilities and personnel," combined with "shortage of human capital and lack of political will on the part of the Afghan Government." The report noted that although Afghanistan is adding to the ranks of its judiciary and expanding judicial infrastructure, "progress toward a fully functional, transparent, and fair justice delivery system remains tenuous."⁶⁴

As of February 2012, USAID reported that its Rule of Law



Stabilization Program trained 579 judges, reached 27 percent of the population through legal awareness campaigns, produced and disseminated almost 3.2 million printed legal documents, and completed a baseline assessment of the informal justice system to help measure increases in stability.⁶⁵ In addition, the U.S. Justice Sector Reform Program trained 937 judges, defense attorneys, prosecutors, police officers, and other Afghan legal professionals for the 12-month period ending March 31, 2012.⁶⁶ Training of Afghan legal professionals is conducted by attorneys and technical advisers working under the Justice Sector Reform Program. As of April 1, 2012, the DoS Bureau of International Narcotics and Law Enforcement Affairs reported that the program included 216 attorneys and advisers from the United States, Afghanistan, and other countries.⁶⁷

Previous oversight coverage has identified a number of shortcomings that put rule-of-law programs at high risk. An inspection performed by the DoS OIG, “Rule-of-Law Programs in Afghanistan” (Report No ISP-I-08-09 issued January 2008) cited the need to 1) improve coordination of judicial training programs among DoD, Afghan Government, and international donors to establish unity of effort, 2) develop a strategic plan to guide rule-of-law efforts, 3) gather baseline knowledge about the formal justice sector outside of Kabul, 4) increase resources to develop the informal system of justice and to link parts of the informal sector with the formal justice system, 5) increase public awareness of the operations of the formal justice system, 6) expand the formal justice system to the provinces, 7) increase pay of justice officials’ salaries to reduce incentive for corruption and to implement a coordinated

anticorruption strategy to include all of the U.S. mission’s rule-of-law institutions, and 8) ensure that funding for justice sector programs is coordinated and transparent among U.S. Government actors, the United Nations, and Non-Governmental Organizations.

A major impediment to increasing Afghan access to the formal justice sector is the lack of adequate judicial security. A SIGAR audit “Actions Needed for a More Strategic Approach to U.S. Judicial Security Assistance” (Report No 10-3S issued December 18, 2009) cited the need for 1) better coordination of judicial assistance among DoS, DoD, Department of Justice, and the U.S. Marshals Service, 2) implementation of commonly accepted standards to help ensure organizational, management, and budgetary decisions are made consistently across organizations involved in a multi-agency or international effort, 3) performance of threat and risk assessments, 4) planning to coordinate construction with timely delivery of fixtures, furniture and equipment, and 5) more inclusive sustainment planning. In April 2012, DoS noted that judges and prosecutors have often refused to take assignments or have left districts because of security concerns.⁶⁸ Some of these concerns include a shortage of professional security guards to provide physical security for court facilities and judges.⁶⁹

We consider rule-of-law programs a high risk because of the large dollar amount of U.S. assistance invested in these programs and the mixed progress achieved in advancing the rule of law in Afghanistan. Also, our prior oversight identified a wide array of problems, some of which persist today such as the lack of physical security for court facilities and judges. Our planned oversight will follow up on problems noted in prior audits and

inspections, and evaluate whether assistance funds are being spent wisely. Also, we plan to evaluate whether the programs are being administered in a manner to deliver sustainable outcomes.

FOCUS AREAS:

- Determine the extent to which rule-of-law programs are achieving their goals and objectives, and determine the actions taken to reevaluate the strategic approach and program direction in response to program metrics and outcomes achieved.
- Evaluate DoS monitoring and evaluation of rule-of-law programs to ensure that training is delivered cost-effectively and technical advisers are meeting requirements for instructor qualifications and content of training.
- Determine the number of Afghan legal professionals trained under rule-of-law programs and the number that are still employed by the Afghan Government in the justice sector.
- Assess progress and outcomes of rule-of-law programs to develop the capacity within Afghan justice institutions for planning, financing, communication, and functionality at the national and provincial levels.
- Determine whether the Bureau of International Narcotics and Law Enforcement Affairs has effectively administered funds for prison construction and operations of the Afghan correctional system.

ISSUE 10: IMPLEMENTING ANTI-CORRUPTION INITIATIVES

STRATEGIC ISSUE

To what extent has the Afghan Government implemented anti-corruption programs within its ministries and made progress in deterring corruption by investigating, prosecuting, sanctioning or removing corrupt officials from office, and implementing financial transparency and accountability measures for government institutions and officials?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

Corruption in Afghanistan is a systemic and pervasive problem that threatens to undermine support for the Afghan Government by the Afghan people and jeopardizes future assistance from donor countries including the United States. The U.S. Government's Campaign Plan for Afghanistan has four near-term objectives for countering corruption as part of the reconstruction strategy.⁷⁰ They are:

- Strengthen the Afghan Government's capacity to improve transparency and accountability;
- Strengthen Afghan Government institutions to improve financial oversight;
- Help the Afghan Government build capacity to investigate, prosecute, punish, or remove corrupt officials; and
- Strengthen the capacity of the Afghan Government and civil society to educate and empower the public to counter the culture of impunity.

Over the years, the Afghan Government has not made notable progress in countering corruption. In April 2009, USAID published an independent *Assessment of Corruption in Afghanistan* that found that corruption was a significant and growing problem across Afghanistan that undermined security, development, and democracy-building objectives.⁷¹ The assessment stated that, "Pervasive, entrenched, and systemic corruption is at an unprecedented scope" and added that "Afghanistan has or is developing most of the institutions needed to combat corruption, but these institutions, like the rest of the government, are limited by a lack of capacity, rivalries, and poor integration." The assessment also noted that the Afghan Government's apparent unwillingness to pursue and prosecute high-level officials was reported as particularly problematic.

Testimony that GAO provided to the U.S. Congress (Report No 10-932T, issued July 15, 2010) discussed the causes of corruption and referred to Afghanistan's National Development Strategy. According to the strategy, the causes of corruption in Afghan Government ministries can be attributed to, among other things, a lack of institutional capacity in public administration, weak legislative and regulatory frameworks, limited enforcement of laws and regulations, poor and non-merit-based qualifications of public officials, low salaries of public servants, and a dysfunctional justice sector. Furthermore, the sudden influx of donor money into a system already suffering from poorly regulated procurement practices increases the risk of corruption.

Prior SIGAR audits performed of Afghan anti-corruption institutions from 2009 to 2011, identified a number of problems.⁷² These audits found that Afghanistan's High Office





of Oversight and the Control and Audit Office lacked organizational independence and enforcement powers to effectively perform their mission. Also, both institutions suffered from internal capacity constraints such as understaffing and inexperienced personnel with basic computer and information gathering skills. Further, U.S. assistance was not guided by an anti-corruption strategy that could provide more focused assistance to improve the capability and capacity of anti-corruption institutions. Lastly, DoD did not maintain effective accountable control over assistance provided to other federal agencies providing advisory support to Afghanistan's Major Crimes Task Force.

SIGAR's *Quarterly Report to the U.S. Congress* dated April 30, 2012 provided an overview of Afghanistan's progress toward anti-corruption efforts. The information included in the quarterly report was furnished by DoS and the Department of Treasury in data call responses dated March 29, 30 and April 6, 2012. DoS and the Department of Treasury commented on the following efforts:

- The Afghan Attorney General's Office continued to avoid prosecuting significant corruption cases this quarter: it did not prosecute any high-level officials at the national or provincial levels. However, the attorney general's office did form a Special Cases Committee in January 2012 with the stated aim of significantly improving its prosecution of major corruption cases like the National Military Hospital case, which involves the solicitation of bribes for medical care by hospital staff.
- The High Office of Oversight for Anti-Corruption's core functions of combating corruption

remained mostly ineffective this quarter, and some have deteriorated. According to DoS, under the leadership of Dr. Azizullah Lodin, the office of oversight has improved the collection of asset declarations; however, the verification of those assets has remained stagnant, and the data has not been made public. DoS noted that Lodin headed the inquiry into the Kabul Bank scandal that led to a cover-up of those responsible for the bank's failure and delayed prosecutions. Although Lodin has been publicly outspoken in his commitment to fighting corruption, the office of oversight has not followed through with appropriate actions. This disappointing record has diminished the office of oversight and Lodin's credibility.

- Department of Justice and the Justice Sector Support Program continued their suspension of training the Anti-Corruption Unit. DoS noted that training will likely resume if the work of the Special Cases Committee is taken seriously.
- The Major Crimes Task Force made no progress during the second quarter of FY 2012 in getting the Afghan Attorney General's Office to prosecute the public corruption cases the task force had developed.
- The National Assembly's legislative committee rejected a draft audit law to strengthen the Control and Audit Office.
- The Afghan Government's Anti-Corruption Tribunals have not had a great deal of success in countering corruption. The tribunals in Kabul, Nangarhar, Balkh, and Herat are properly functioning; however, others are not, including those in Kunduz and Kandahar. Tribunal



judges face a number of challenges in their work including inconsistent sentencing standards, insufficient training, undeveloped case management systems, political pressure from local officials, and inadequate facilities.

- A policy aimed at implementing a merit-based hiring system of provincial and deputy-provincial governors has remained stalled since May 2011, when the policy was suspended. A new policy was at the President's Office pending approval as of March 31, 2012. The Independent Appointments Board of the Civil Service Commission has continued to appoint civil servants in grades one and two to line ministries, using a merit-based system.
- The Afghan Government has had some difficulties in conducting financial oversight of its ministries. Managers within ministries have not established and clearly communicated the objectives of financial controls, and there are few procedural documents to help most staff understand the controls.
- The Afghan Government's progress in implementing asset

verification for government officials continued to fall short of U.S. expectations. The asset verification and registration department in the High Office of Oversight for Anti-Corruption has insufficient staff, lacks the expertise required to carry out its mission, and faces uncooperative Afghan agencies.

The Consolidated Appropriations Act of 2012, restricted obligation of appropriated assistance funds unless the Afghan Government demonstrated real progress in addressing corruption. The act states that "none of the funds appropriated for the Economic Support Fund (ESF) and International Narcotics Control and Law Enforcement (INCLE) may be obligated for assistance for the Government of Afghanistan until the Secretary of State, in consultation with the USAID Administrator, certifies that the Government of Afghanistan is (i) reducing corruption and improving governance, including by investigating, prosecuting, sanctioning or removing corrupt officials from office and implementing financial transparency and accountability measures for government institutions and officials (including the Central Bank) as well as conducting oversight of public resources; (ii) taking credible steps to protect the human rights of Afghan women; and (iii) taking significant steps to facilitate active public participation in governance and oversight."⁷³

To date, the Afghan Government has not made significant progress in dealing with corruption. Making sustainable progress in reducing corruption becomes increasingly important as the U.S. Government plans to provide much of its future reconstruction assistance to Afghanistan through the Afghan Government. Because of the corruption risk, we are committed to

providing continued oversight to this area. The focus of our planned oversight is to assess DoS and USAID compliance with restrictions in the Consolidated Appropriations Act of 2012 and evaluate the Afghan Government's progress in implementing key anti-corruption initiatives and financial transparency and accountability measures for government institutions and officials. Also, we plan to assess whether U.S. assistance for anti-corruption initiatives is achieving intended outcomes and focused in the right areas for achieving strategic objectives.

FOCUS AREAS:

- Determine the extent to which the Afghan Government implemented anti-corruption programs within its ministries to include performing vulnerability to corruption assessments and redesigning business processes to mitigate corruption vulnerabilities consistent with the guidance provided by the Afghan High Office of Oversight for Anti-Corruption.
- Assess the criteria and reliability of the information that DoS and USAID used to certify that the Afghan Government is reducing corruption in order to meet the aid restrictions as defined in the Consolidated Appropriations Act, 2012, Section 7046(a)(1) for the Economic Support Fund and the International Narcotics Control and Law Enforcement Fund.
- Determine whether U.S. assistance to the Afghan Government for anti-corruption programs is achieving intended outcomes and focused in areas that can have the greatest impact on achieving strategic objectives.

CROSCUTTING ISSUES

Crosscutting issues cover general support-type activities that span multiple sectors and subsectors of Afghanistan's reconstruction. They typically do not have a particular reconstruction appropriation that applies to the issue. Examples of support-type activities associated with crosscutting issues include financial management, contracting, staffing and security of reconstruction mission activities.

We have identified three crosscutting issues that have an important impact on the long-term effectiveness of the U.S. reconstruction effort: (i) planning and coordination of U.S. assistance programs, (ii) stewardship of direct assistance funds, and (iii) the award and administration of contracts in support of Afghanistan reconstruction efforts.



ISSUE 11: PLANNING AND COORDINATION OF U.S. ASSISTANCE PROGRAMS

STRATEGIC ISSUE

To what extent has the U.S. Government vetted and designed assistance programs to ensure they are necessary, achievable, and sustainable; and has the United States coordinated the programs to achieve unity of effort with the Afghan Government and the international donor community?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

A 2011 Senate staff report recommended that U.S. assistance focus on what is necessary, achievable, and sustainable.⁷⁴ The report reflected Congressional concerns that assistance programs were

poorly designed and have unintended consequences such as fueling corruption, distorting labor and goods markets, undermining the host government's ability to exert control over resources, and contributing to insecurity. The staff report also said that achievability of programs comes into question when program goals and measurable outcomes aren't well defined and when risks of achieving outcomes are not weighed against the benefits and costs.

The Commission on Wartime Contracting in Iraq and Afghanistan stated in its final report⁷⁵ that contract waste, fraud, and abuse take many forms:

- An ill-conceived project, no matter how well-managed, is wasteful if it does not fit the cultural, political, and economic norms of the society it is meant to serve, or if it cannot be supported and maintained.
- Poor planning and oversight by the U.S. Government, as well as poor performance on the

part of contractors, have costly outcomes: time and money mis-spent are not available for other purposes, missions are not achieved, and lives are lost.

- Criminal behavior and blatant corruption steal dollars from what could otherwise be successful project outcomes and, more disturbingly, contribute to a climate in which huge amounts of waste are accepted as the norm.

In addition, the commission's report stated that much of the wasteful contracting in Afghanistan and Iraq can be attributed to poor interagency planning. The commission cited a need for a field-based common operating picture for all agencies that can enhance the interagency and multilateral process, particularly the effective and efficient use of contracted resources. The commission's report further stated, "Effective interagency coordination demands that roles and responsibilities be clearly defined and assigned to the



appropriate agency or mix of agencies. In both Washington and the field, interagency operations need to be staffed with the appropriate mix of civilian and military personnel. Yet no existing interagency process can assess arguments for or against substantial involvement of organizations operating in virtually identical spheres of activity. With billions of taxpayer dollars involved, this is a situation ripe for overlaps or gaps and the waste that comes with them.”⁷⁶

Many of the problems cited in the Senate staff report and the Wartime Commission’s report were first disclosed through our prior oversight. For example, a SIGAR report titled “A Better Management Information System Is Needed to Promote Information Sharing, Effective Planning, and Coordination of Afghanistan Reconstruction Activities,” (Report No 09-03, issued July 30, 2009), recommended a single management information system that provides complete and accurate information of all completed, underway, and planned reconstruction activities. The report stated that an integrated management information system that provides a common operating picture of all U.S. reconstruction activities in Afghanistan would provide essential information for the decision-makers to better plan, coordinate, monitor, and report on U.S. activities. Without an effective management information system or other means to provide a complete view of reconstruction efforts undertaken by the various U.S. entities operating in Afghanistan, there is an increased chance of duplication of efforts, conflicting ventures, and overall wasted resources.

SIGAR issued a report in October 2010 on the reporting and coordination of development assistance within Afghanistan’s Nangarhar Province and found a number

of systemic problems with the transparency and coordination of development assistance.⁷⁷ One of these problems was a lack of visibility and program coordination that adversely impacted the Afghan Government’s ability to prepare and execute development budgets because of concern about duplicating programs being administered by the U.S. Government and the international donor community. The World Bank, Asia Development Bank, and individual countries were all engaged in development and governance programs similar to those funded by the United States. The report stated that unless these efforts are coordinated, there is the potential risk of duplication. Achieving unity of effort across all development programs whether initiated by the U.S. Government, Afghan Government, or international donors can provide opportunities to better leverage capabilities to deliver mutually supporting benefits that would have a greater impact on the Afghan people.

In June 2011, the USAID Administrator issued sustainability guidance for Afghanistan. The guidance required an examination of all USAID/Afghanistan’s projects against the principles of: (1) Afghan ownership and capacity, (2) their contribution to stability and confidence, and (3) cost and program effectiveness. The guidance further stated that programs should be recommended for modification, postponement, or cancellation if they do not align with these principles.

Our planned oversight coverage will review programs and projects to ensure they are necessary, achievable, and sustainable; and comply with the principles of the administrator’s guidance. As part of this oversight, we will examine the cost-effectiveness of programs and projects to include the risks, anticipated benefits, and performance

outcomes. We will also determine if recommendations made to cancel, modify, or postpone projects were implemented. Also, we will evaluate programs for unity of effort across the U.S. Government to include coordination with the Afghan Government and international donors. These efforts will help to prevent program duplication and overlap and better ensure the programs have the support of the Afghan Government and are executed in a manner to fully leverage the resources of the international community.

FOCUS AREAS

- Determine if DoD, USAID, and DoS have processes in place and working to vet and design assistance programs to ensure that they are necessary, achievable, and sustainable.
- Evaluate where the U.S. Government’s economic development programs fall on a continuum from low risk/low reward (e.g., assistance to individual enterprises) to high risk/high reward (e.g., supporting policy reforms that have an effect on national competitiveness), and determine what results they achieved at what cost.
- Verify if DoD, USAID and DoS are fully coordinating projects (need, priorities, funding, and the timing of execution) to prevent duplication and achieve mutually supporting outcomes to deliver optimum benefits.
- Assess the extent to which the U.S. Government is coordinating its assistance projects with the Afghan Government and the international community in the programming and execution of projects to prevent duplication and achieve unity of effort.

ISSUE 12: PROVIDING STEWARDSHIP OF DIRECT ASSISTANCE FUNDS

STRATEGIC ISSUE

To what extent are Afghan Government ministries providing stewardship of direct assistance funds and achieving favorable outcomes from programs funded through direct assistance?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

As of February 2012, the United States was disbursing more than 40 percent of its aid funds through the Afghan Government in the form of direct, or on-budget, assistance.⁷⁸ The U.S. goal is to provide 50% of assistance directly through on-budget mechanisms to the Afghan Government, but that commitment assumes significant improvements in accountability and financial management within the various ministries.⁷⁹

USAID and DOD provide direct assistance to Afghanistan, using bilateral agreements and multilateral trust funds that provide funds through the Afghan national budget.⁸⁰ USAID bilateral agreements in Afghanistan include arrangements with the Independent Directorate for Local Governance (District Delivery Program), and with the ministries of Agriculture, Irrigation, and Livestock; Communications and Information Technology; Finance; Public Health; and Transport and Civil Aviation. Some of the bilateral agreements finance Afghan Government procurement of goods and services, while others fund a range of other government expenses and activities, including

operating costs, salaries, agricultural development programs, and infrastructure projects. USAID also provides direct assistance via the World Bank-administered Afghanistan Reconstruction Trust Fund. The trust fund provides funds through the Afghan Government national budget to finance the government's recurrent operating costs (e.g., wages for civil servants, operations and maintenance costs) and national development programs.⁸¹

DOD provides direct assistance bilaterally to Afghanistan's Ministry of Defense and Ministry of Interior through contributions of funds overseen by DOD's Combined Security Transition Command–Afghanistan. According to DOD guidance, these contributions are used to procure food, salaries, goods, services, and minor construction in direct support of the Afghan National Army and the Afghan National Police. Also, Combined Security Transition Command–Afghanistan contributes funds to the multilateral United Nations Development Program-administered Law and Order Trust Fund for Afghanistan, which mostly funds salaries of the Afghanistan National Police.⁸²

Nevertheless, DoD, in its April 2012 progress report on security and stability in Afghanistan pointed out serious shortcomings in the Afghan Government's capability to manage on-budget operations and maintenance funds.⁸³ This report stated that, "The ministries responsible for critical assets possess limited ability to adequately execute an operations and maintenance plan on the scale required in Afghanistan, with the power and water sectors having the most capability. The limitations in internal technical capacity, as well as contracting and procurement...inhibit the effectiveness of any increase in operations and maintenance budget

disbursed through the Afghan Government. Currently, the systems and internal controls needed to both determine appropriate operations and maintenance spending levels and ensure that the amounts budgeted for operations and maintenance are deployed and disbursed for the appropriate activities, are uniformly deficient throughout the ministries."

GAO conducted an audit during 2011 of U.S. direct assistance to Afghanistan and assessed the steps taken by USAID and DOD to ensure accountability over direct assistance funds.⁸⁴ The audit concluded that USAID and DoD had



taken steps to ensure accountability by conducting risk assessments and implementing financial and procurement controls to mitigate identified risks before entering into bilateral agreements with Afghan ministries. DoD also reviewed direct assistance expenditures to make sure the ministries used the funds as intended. However, the audit found that USAID didn't fully comply with its internal controls procedures in approving Afghan conducted procurement actions.

Members of Congress have publically questioned whether it is prudent to provide additional direct assistance when the Afghan

Government is ranked as one of the worst nations in the world regarding corruption.⁸⁵

Direct assistance to the Afghan Government involves considerable risk given the extent of corruption and the weak institutional capacity of the Afghan Government to manage finances. Because of the billions of dollars provided to the Afghan Government in direct assistance, we will provide oversight to ensure that the U.S. Government has the proper controls in place and working to provide assurance that the Afghan Government and trust fund administrators are exercising effective stewardship of these funds.

Although the risks related to stewardship of direct assistance funds is widely recognized, little is known about outcomes achieved by the Afghan Government from on-budget development programs funded through direct assistance. The World Bank reported that only about 10-25 percent of the off-budget aid is spent in Afghanistan compared to 70-90 percent of the aid administered through the Afghan Government.⁸⁶ Thus, on-budget expenditures by the Afghan Government have a much greater impact on Afghanistan's economy compared to aid programs administered by international donors. If the Afghan Government can achieve favorable outcomes from its on-budget development activities, the U.S. Government and international donors may be more amenable to assume greater risk in providing additional direct assistance. In reviewing stewardship of direct assistance funds, our planned oversight will evaluate the extent to which the Afghan Government is achieving intended outcomes from its on-budget development programs.

FOCUS AREAS:

- Examine whether DoS and US-AID are maintaining sufficient oversight over the use of direct assistance funds to ensure the Afghan Government is exercising proper stewardship.
- Evaluate whether the Afghan Government is exercising financial management of direct assistance funds and achieving expected outcomes (cost, schedule, performance) for programs funded through direct assistance.



ISSUE 13: AWARDING AND ADMINISTERING RECONSTRUCTION CONTRACTS

STRATEGIC ISSUE

To what extent did DoD, State, and USAID award contracts competitively and administer contracts for Afghanistan's reconstruction in a manner to ensure that costs are controlled and contractors remain on schedule and perform as required?

RISK ASSESSMENT AND PLANNED OVERSIGHT COVERAGE

The Inspectors General have reported extensively on poorly written contracts and inadequate government administration and monitoring of contracts in Afghanistan. The Commission on Wartime Contracting in Iraq and Afghanistan also reported on these problems in its 2011 final report on contingency contracting.⁸⁷

DoD, DoS, and USAID have all taken steps to improve contingency

contracting and provide better oversight. For example, DoD's FY 2013 budget request cites a number of steps it has taken to improve contingency contracting including:⁸⁸

- Establishing the Afghanistan Resources Oversight Council to oversee funds appropriated to the ANSF, Afghanistan Infrastructure Fund, and Commander's Emergency Response Program.
 - Having the Defense Contract Management Activity fill 88 percent of its contracting officer representative positions in Afghanistan.
 - Standardizing qualifications and training of contracting officer representatives.
 - Nearly eliminating all cash payments to Afghan vendors—over 99 percent of payments made electronically.
 - Employing procedures to identify high-risk contractors and vetting non-U.S. contractors before awarding contracts to ensure the contractors do not have a history of fraud or are otherwise not eligible for contract awards such as ties to insurgents or being debarred and suspended.
- Awarding new contracts or restructuring existing contracts (e.g. host nation trucking) to promote greater competition, eliminate layers of subcontractors, and allow more transparency into the contracted support.
 - Establishing the International Security Assistance Force Regional Command East integration cell in 2011 and enhanced the process for determining construction requirements by adding qualified engineering review and helping increase use of standard designs and pre-engineered buildings.
 - Implementing construction contracting guidelines (October 2010) that includes 16 “go/no go” criteria, including sustainability.

DoD has, however, also noted challenges including 1) maintaining adequate numbers of trained oversight personnel and contracting officers, 2) combating corruption, 3) ensuring smooth DoD to DoS transition in Afghanistan, and 4) ensuring sustainability of reconstruction projects in Afghanistan.⁸⁹

DoS, in its FY 2013 budget, cited actions to improve contract oversight

including adding up to 25 government technical monitors and contracting officer representatives to its Bureau of International Narcotics and Law Enforcement to help oversee its programs and contracts.⁹⁰

USAID has instituted the on-site monitors program to identify field staff at regional platforms who can act as the “eyes and ears” of project



management personnel in Kabul, providing real-time data on project performance and accountability.⁹¹ During 2011, USAID implemented its Accountable Assistance for Afghanistan—or A3—initiative. This initiative focuses on reducing subcontracting layers, tightening financial controls, enhancing project oversight and improving partner vetting. USAID includes a subcontractor clause in new awards that permits USAID to restrict the number of subcontract tiers, requires the prime contractor to perform a certain percentage of the work, and prohibits subcontract “brokering” or “flipping” which is when a subcontractor passes the work to someone else, thereby increasing the risk for corruption. In February 2011, USAID/Afghanistan established an internal Vetting Support Unit to perform security checks on potential USAID implementing partners. Vetting is only executed on third-country and Afghan companies and key individuals, and occurs for all prime and subcontractors with awards of \$150,000 and more. Also, USAID/Afghanistan established a joint program with the USAID Inspector General to audit all locally incurred costs of program-funded implementing partners. The audits will be performed by internationally-accredited regionally based audit firms and checked by the Inspector General.⁹²

While improvements have been made in awarding and administering contracts, recent audits continue to identify problems. On March 29, 2012, GAO issued a report that evaluated the training, qualifications, and number of contracting officer representatives overseeing U.S. Central Command contracts.⁹³ GAO found that DoD has taken steps to enhance its existing training program for contracting officer representatives, but the required training does not fully prepare them to perform their contract oversight

duties in contingency areas such as Afghanistan. Also, contracting officer representatives do not always have the necessary subject area-related technical expertise to oversee contracts they were assigned to oversee. Additionally, GAO found that DoD does not have a sufficient number of contracting officer representatives to oversee the numerous contracts in Afghanistan. A SIGAR audit report issued April 25, 2012, evaluated USAID’s oversight of contracts for the Local Government Community Development Program.⁹⁴ The audit found that travel and security restrictions hindered USAID’s ability to monitor the program. Also, contracts and related task orders did not require contractors to submit supporting documentation for their invoices.

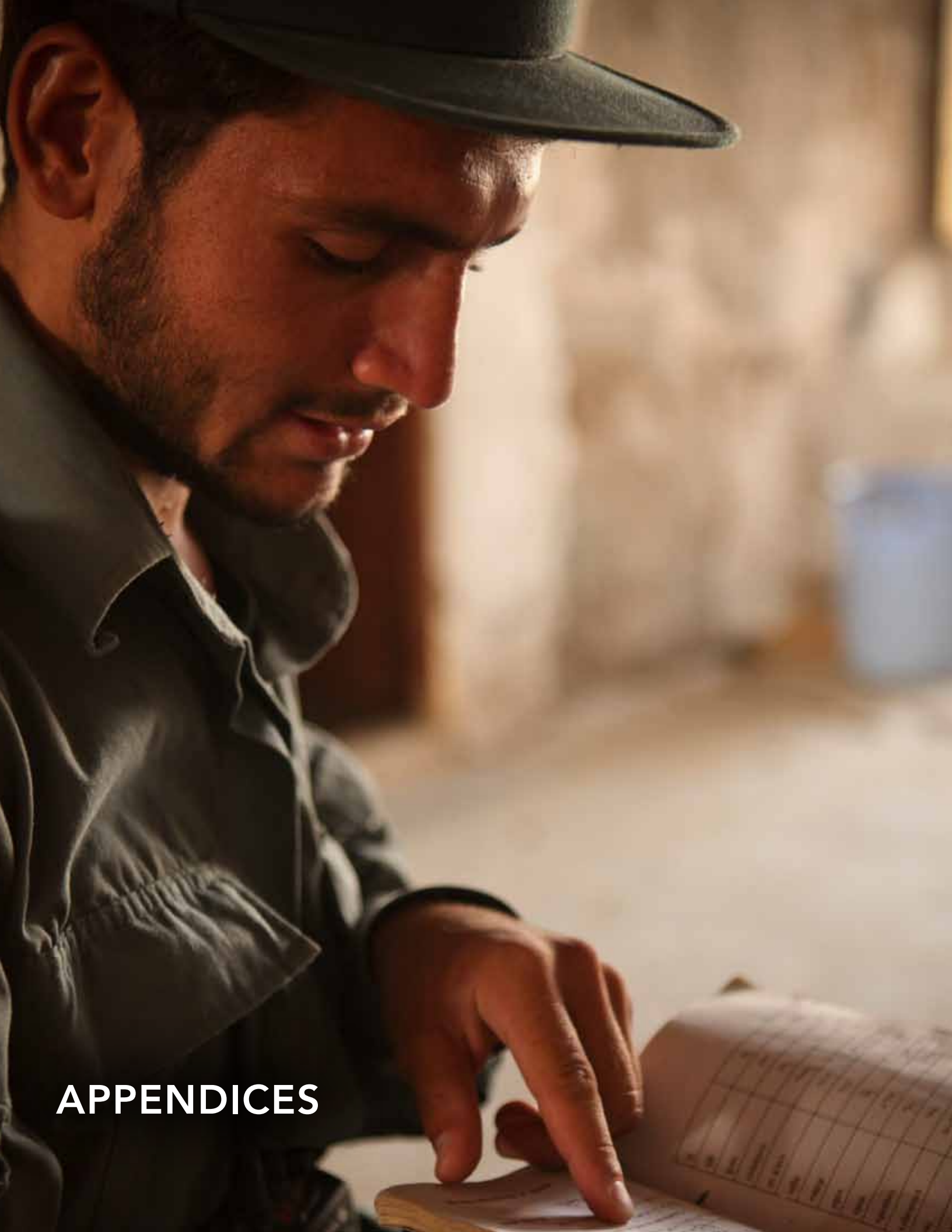
We believe the drawdown of military forces will make it more difficult to provide the forces needed for contracting officer representatives to monitor contracts. Also, the constant rotation of contracting personnel is a constant challenge to maintain a sufficient number of personnel with the right qualifications to provide adequate oversight. These inherent risks are likely to continue despite the improvements that DoS, DoD, and USAID have made. Additionally, USAID has a large backlog of contracts requiring a financial audit of contractor’s incurred cost before contracts can be closed.⁹⁵

As part of our planned oversight, we will evaluate the extent to which the cited improvements made by DoS, DoD, and USAID have been implemented. A priority of our oversight will be to make sure that acquisitions have been structured to control costs are effective at reducing subcontracting layers. We will also concentrate on evaluating procurement actions to make sure the government is paying fair and reasonable prices and not getting

overbilled by contractors for items and services procured. Accordingly, we plan to significantly increase the number of incurred cost audits of contracts and grants to verify that the costs contractors billed to the government are valid. Further, our oversight will focus on selected high-risk areas that are vulnerable to abuse. For example, we will review whether the U.S. Government has fully accounted for and managed the disposition of contractor-managed, government-owned equipment from awarded contracts. As we audit construction projects and assistance programs, we will continue to review the performance of contractors and the U.S. Government’s oversight to make sure that contractors are complying with contract requirements.

FOCUS AREAS:

- Determine whether DoD, USAID, and DoS are using acquisition strategies that best promote competition, minimize risk, control cost, and achieve favorable performance outcomes.
- Determine if the U.S. Government obtained fair and reasonable prices on goods and services purchased and if the goods and services were properly delivered and accounted for throughout the acquisition process.
- Verify whether amounts billed to the U.S. Government for contracts and grants in support of Afghanistan reconstruction were allowable, allocable and reasonable.
- Determine whether DoD, USAID, and DoS are fully accounting for and managing the disposition of contractor-managed, government-owned equipment from awarded contracts.



APPENDICES

APPENDIX A

1/ REPORTS ISSUED BY OVERSIGHT ORGANIZATIONS FY 2002 - FY 2012 (as of May 31, 2012)

TABLE A.1

Sector	Sub-Sector	SIGAR	DoD OIG	DoS OIG	Joint DoD OIG & DoS OIG	AAA	GAO	USAID OIG	Report Totals
Afghan National Security Forces \$ 52.1 B	Infrastructure	9	6						15
	Training & Operations	1	6		4		3		14
	Equipment and Transportation	1	8				1		10
	Sustainment	1	5				2		8
	Sub-Sector Total	12	25		4		6		47
Governance & Development \$ 21.8 B	Capacity Building and Democracy	9					2	8	19
	Infrastructure	2					3	11	16
	Agriculture	1					3	6	10
	CERP	3	2			2	1		8
	Economic Growth	1					2	5	8
	Education							7	7
	Health							3	3
Sub-Sector Total	16	2			2	11	40	71	
Counter-Narcotics and Law Enforcement \$ 6.0 B	Drug Interdiction and Counter-Drug Activities		2	3	2		3	1	11
	Anti-Corruption	4							4
	Build/ Renovate Courthouses and Prisons	2	1						3
	Judges, Prosecutors, and Investigators	1		1					2
	Counter-Narcotics Police			1					1
	Law Enforcement						1		1
Sub-Sector Total	7	3	5	2		4	1	22	
Humanitarian Assistance \$ 2.4 B	Humanitarian Assistance Programs			1				3	4
Non-Proliferation, Antiterrorism, Demining \$ 0.5 B	Non-Proliferation, Antiterrorism, Demining			1					1
2/ Cross-Cutting Areas	Strategy, Operations, and Financial Management	4	5	2		1	13	6	31
	Contracting	4	7	1		3	6		21
	Private Security Contractors	1		2				2	5
	Sub-Sector Total	9	12	5		4	19	8	57
Report Totals		44	42	12	6	6	40	52	202

Definitions:

SIGAR:	Special Inspector General for Afghanistan Reconstruction
DoD OIG:	Department of Defense Office of Inspector General
DoS OIG:	Department of State Office of Inspector General
AAA:	U.S. Army Audit Agency
GAO:	Government Accountability Office
USAID OIG:	U.S. Agency for International Development Office of Inspector General

Notes

1/ Total excludes reports of financial audits performed by the Defense Contract Audit Agency and non-Federal auditors, and GAO reports on congressional testimony.
 2/ Cross-cutting areas include audits evaluating reconstruction strategies or support-type activities that span multiple sectors such as contingency contracting or Defense Base Act insurance; financial management of direct assistance funds; civilian staffing requirements such as civilian uplift; private security contractors; and general embassy operations in support of the reconstruction mission. Appropriations for cross-cutting areas are not quantifiable. A portion of the costs of these activities is funded through appropriations in the other listed sectors and appropriations for international affairs operations.

APPENDIX B

U.S. GOVERNMENT APPROPRIATED FUNDS FOR AFGHANISTAN RECONSTRUCTION (\$ MILLIONS)

The following table lists funds appropriated for Afghanistan reconstruction by program, per year, as of March 31, 2012.

TABLE B.1

U.S. Funding Sources	AGENCY	TOTAL	FY 2002	
Security	Afghanistan Security Forces Fund (ASFF)	DoD	50,625.70	0.00
	Train & Equip (DoD)	DoD	440.00	0.00
	Foreign Military Financing (FMF)	DoS	1,059.14	57.26
	International Military Education and Training (IMET)	DoS	12.06	0.20
	NDA Section 1207 Transfer	Other	9.90	0.00
	Total - Security		52,146.80	57.46
Governance & Development	Commander's Emergency Response Program (CERP)	DoD	3,439.00	0.00
	Afghanistan Infrastructure Fund (AIF)	DoD	800.00	0.00
	Task Force for Business and Stability Operations (TFBSO)	DoD	559.21	0.00
	Economic Support Fund (ESF)	USAID	14,953.44	117.51
	Development Assistance (DA)	USAID	883.65	18.30
	Afghanistan Freedom Support Act (AFSA)	DoD	550.00	0.00
	Child Survival & Health (CSH + GHAI)	USAID	554.28	7.52
	Commodity Credit Corp (CCC)	USAID	31.65	7.48
	USAID (other)	USAID	40.52	0.00
	Provincial Reconstruction Team Advisors	USDA	5.70	0.00
	Treasury Technical Assistance	Treasury	4.45	0.90
	Total - Governance & Development		21,821.90	151.71
Non-Proliferation, Anti-Terrorism, De-Mining & Related (NADR)		DoS	505.51	44.00
	Total - NADR		505.51	44.00
Counter-Narcotics	International Narcotics Control & Law Enforcement (INCLE)	DoS	3,578.24	60.00
	Drug Interdiction & Counter-Drug Activities (DoD CN)	DoD	2,263.40	0.00
	Drug Enforcement Administration (DEA)	DoJ	127.37	0.58
	Total - Counter-Narcotics		5,969.02	60.58
Humanitarian	PL. 480 Title I	USDA	5.00	0.00
	PL. 480 Title II	USAID	716.71	159.50
	Disaster Assistance (IDA)	USAID	478.79	197.09
	Transition Initiatives (TI)	USAID	35.87	8.07
	Migration & Refugee Assistance (MRA)	DoS	749.75	135.47
	Voluntary Peacekeeping (PKO)	DoS	69.33	23.93
	Emergency Refugee & Migration Assistance (ERMA)	DoS	25.20	25.00
	Food for Progress	USDA	109.49	0.00
	416(b) Food Aid	USDA	95.18	46.46
	Food for Education	USDA	50.49	0.00
	Emerson Trust	USDA	22.40	0.00
	Total - Humanitarian		2,358.20	595.52
International Affairs Operations	Oversight		172.60	0.00
	Other		6,442.40	155.60
	Total - International Affairs Operations		6,615.00	155.60
Total Funding	TOTAL FUNDING		89,416.42	1,064.87

Notes: Numbers affected by rounding. ESF funds of \$100 million shifted from FY 2012 to FY 2011 to increase FY 2012 funds available for Egypt.
Sources: DoD, responses to SIGAR data call, 4/19/2012, 4/18/2012, 4/17/2012, 4/11/2012, 3/30/2012, 10/14/2009, and 10/1/2009; DoS, responses to SIGAR data call, 4/17/2012, 4/6/2012, and 4/14/2011; Treasury, response to SIGAR data call, 10/13/2011; OMB, response to SIGAR data call, 4/17/2012; USAID, responses to SIGAR data call, 4/3/2012, 10/15/2010, 1/15/2010, and 10/9/2009; DoJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009; PL. 112-74, 12/23/2011; PL. 112-10, 4/15/2011; PL. 111-212, 10/29/2010; PL. 111-118, 12/19/2009; FY 2010 Defense Explanatory Statement.

FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
0.00	0.00	968.18	1,908.13	7,406.40	2,750.00	5,606.94	9,166.77	11,619.28	11,200.00
0.00	150.00	290.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
191.00	414.08	396.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.30	0.60	0.80	0.80	1.10	1.60	1.40	1.76	1.56	1.95
0.00	0.00	0.00	0.00	0.00	9.90	0.00	0.00	0.00	0.00
191.30	564.68	1,655.78	1,908.93	7,407.50	2,761.50	5,608.34	9,168.53	11,620.84	11,201.95
0.00	40.00	136.00	215.00	209.00	488.33	550.67	1,000.00	400.00	400.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	400.00	400.00
0.00	0.00	0.00	0.00	0.00	0.00	15.00	59.26	239.24	245.71
239.29	893.87	1,280.56	473.39	1,210.71	1,399.51	2,088.32	3,346.00	2,067.51	1,836.76
42.54	153.14	169.56	183.96	166.81	148.65	0.40	0.30	0.00	0.00
165.00	135.00	250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
49.68	33.40	38.00	41.45	100.77	63.02	58.23	92.30	69.91	0.00
1.33	0.00	0.00	0.00	0.00	10.77	4.22	4.22	3.09	0.55
0.50	5.00	0.00	0.00	0.00	22.32	3.55	2.90	6.25	0.00
0.00	0.00	0.00	0.00	0.00	0.00	5.70	0.00	0.00	0.00
1.00	0.06	0.95	0.19	0.13	0.75	0.47	0.00	0.00	0.00
499.34	1,260.47	1,875.07	913.99	1,687.42	2,133.35	2,726.56	4,504.98	3,185.99	2,883.02
34.70	66.90	38.20	18.20	36.60	26.60	48.60	57.66	69.30	64.75
34.70	66.90	38.20	18.20	36.60	26.60	48.60	57.66	69.30	64.75
0.00	220.00	709.28	232.65	251.74	307.57	484.00	589.00	400.00	324.00
0.00	71.80	224.54	108.05	290.97	192.81	230.06	392.27	376.53	376.37
2.87	3.72	16.77	23.66	20.38	40.59	18.80	0.00	0.00	0.00
2.87	295.52	950.59	364.36	563.09	540.97	732.86	981.27	776.53	700.37
5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
46.10	49.20	56.60	60.00	60.00	177.00	65.41	27.40	15.50	0.00
85.52	11.16	4.22	0.04	0.03	16.90	26.91	29.60	66.56	40.75
11.69	11.22	1.60	0.00	0.00	0.00	0.75	0.89	1.18	0.46
61.50	63.30	47.10	41.80	53.80	44.25	76.79	81.48	65.00	79.26
9.90	20.00	15.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00
4.96	9.08	30.10	23.24	9.47	20.55	12.09	0.00	0.00	0.00
14.14	34.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9.27	6.12	10.02	25.08	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	22.40	0.00	0.00	0.00	0.00
248.08	204.66	165.14	150.16	123.30	281.10	182.15	139.37	148.25	120.47
0.00	0.00	0.00	0.00	2.50	14.30	25.20	34.40	37.20	59.00
35.30	207.60	136.10	131.90	207.80	434.40	1,060.70	1,761.70	905.10	1,406.20
35.30	207.60	136.10	131.90	210.30	448.70	1,085.90	1,796.10	942.30	1,465.20
1,011.59	2,599.83	4,820.88	3,487.54	10,028.22	6,192.22	10,384.41	16,647.90	16,743.20	16,435.76

APPENDIX C

ACRONYM OR ABBREVIATION	DEFINITION
ANSF	Afghanistan National Security Forces
ASFF	Afghanistan Security Forces Fund
COPSWA	Comprehensive Oversight Plan for Southwest Asia
DABS	Da Afghanistan Breshna Shekat
DoD	Department of Defense
DoD OIG	Department of Defense Office of Inspector General
DoS	Department of State
DoS OIG	Department of State Office of Inspector General
ESF	Economic Support Fund
FY	Fiscal Year
GAO	Government Accountability Office
INCLE	International Narcotics Control and Law Enforcement
SIGAR	Special Inspector General for Afghanistan Reconstruction
SY	Solar Year
UNODC	UN Office on Drugs and Crime
USAAA	U.S. Army Audit Agency
USAID	U.S. Agency for International Development
USAID OIG	U.S. Agency for International Development Office of Inspector General

ENDNOTES

- 1 Public Law 110-181, “The National Defense Authorization Act for Fiscal Year 2008” (January 28, 2008), Section 842 (d), “Investigations of Waste, Fraud, and Abuse in Wartime Contracting and Contracting Processes in Iraq and Afghanistan”, and Public Law 112-74, Consolidated Appropriations Act, 2012 (December 23, 2011), Division I, “Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012, Title VII, “General Provisions, Section 7046, “Afghanistan”, paragraph (3), “Oversight”.
- 2 COPSWA update as of June 27, 2012.
- 3 SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012.
- 4 Majority Staff Report “Evaluating U.S. Foreign Assistance to Afghanistan”, Committee on Foreign Relations U.S. Senate, June 8, 2011.
- 5 Gen. John R. Allen’s testimony at Senate Armed Services Committee Hearing on the Situation in Afghanistan, March 22, 2012.
- 6 Chicago Summit Declaration on Afghanistan, May 21, 2012.
- 7 SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012.
- 8 Gen. John R. Allen’s testimony at Senate Armed Services Committee Hearing on the Situation in Afghanistan, March 22, 2012.
- 9 Congressional Research Service report “Afghanistan: Post-Taliban Governance, Security, and U.S. Policy”, dated February 6, 2012.
- 10 SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012. Unobligated equipment amount was calculated by subtracting reported disbursements as of March 31, 2012 for equipment and transportation from total appropriations for equipment and transportation. Planned construction amount represents the sum of planned construction as reported in the quarterly report for the ANA and ANP.
- 11 DoD OIG inspection “Assessment of U.S. Government Efforts to Train, Equip, and Mentor the Expanded Afghan National Police” (Report No SPO-2011-003, issued Mar 2011), DoD OIG audit “Improved Pricing and Oversight Needed for the Afghan Air Force Pilot and English Language Training Task Order” (Report No D-2011-113, issued September 2011), DoS OIG audit “Status of INL Counternarcotics Programs in Afghanistan” (Report No. MERO-A-10-02 issued December 2009), DoD OIG audit “Afghan National Police Metrics Product” (Report No DODIG-2012-034.1, issued November 2011), and SIGAR audit “Actions Needed to Improve the Reliability of Afghan Security Force Assessments” (Report No SIGAR Audit 10-11, issued June 2010).
- 12 SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012.
- 13 Congressional Research Service report “Afghanistan: Post-Taliban Governance, Security, and U.S. Policy”, dated February 6, 2012.
- 14 DoD Security Cooperation Agency guidance “Execution and Closure Guidance for Pseudo Letters of Offer and Acceptance (Pseudo Cases) Financed with U.S. Appropriated Funds that have a Limited Period of Availability”, issued by DSCA-DBO, January 2011.
- 15 DoD Security Cooperation Agency guidance “Execution and Closure Guidance for Pseudo Letters of Offer and Acceptance (Pseudo Cases) Financed with U.S. Appropriated Funds that have

	a Limited Period of Availability”, issued by DSCA-DBO, January 2011.		September 2011		Electoral Capacity” (Report No. 09-6, issued September 22, 2009).
16	DoD report “Progress Toward Security and Stability in Afghanistan”, April 2012.	30	Congressional Research Service report, “Afghanistan: Post-Taliban Governance, Security, and U.S. Policy”, dated February 6, 2012.	45	USAID OIG Audit Report “USAID/ Afghanistan’s Support to the Electoral Process (STEP) and Support for Increased Electoral Participation in Afghanistan (IEP) Programs”, (Report No. F-306-11-003-P, issued June 19, 2011).
17	DoD 1230 Report, “Report on Progress Toward Security and Stability in Afghanistan—U.S. Plan for Sustaining the Afghanistan National Security Forces”, April 2012.	31	SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012 and DoS response to SIGAR data call, 3/30/2012.	46	United Nations General Assembly Security Council report, “The Situation in Afghanistan and Its Implications for International Peace and Security”, dated March 15, 2012.
18	GAO report titled “Performance-Data Gaps Hinder Overall Assessment of U.S. Efforts to Build Financial Management Capacity”, (Report No. GAO-11-907, issued September 2011).	32	SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012 and DoS response to SIGAR data call, 3/30/2012.	47	United Nations General Assembly Security Council report, “The Situation in Afghanistan and Its Implications for International Peace and Security”, dated March 15, 2012.
19	GAO report titled “Performance-Data Gaps Hinder Overall Assessment of U.S. Efforts to Build Financial Management Capacity”, (Report No. GAO-11-907, issued September 2011).	33	SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012 and DoS response to SIGAR data call, 3/30/2012.	48	Report by the Civil-Military Fusion Centre, “Illicit Drugs & Afghanistan: Key Trends”, May 2012.
20	SIGAR audit report titled “Governance and Economic Development: USAID Spent Almost \$400 million on an Afghan Stabilization Project Despite Uncertain Results, But Has Taken Steps To Better Assess Similar Efforts”, (Report No. SIGAR Audit 12-8, issued April 25, 2012) and USAID OIG report titled “USAID/ Afghanistan’s Afghanistan Stabilization initiative for Southern Region”, (Report No. F-306-12-001-P, issued Nov 1, 2011).	34	DoD Office of General Counsel Memorandum for Director of Defense Procurement and Acquisition Policy, dated March 29, 2011, Subject: Contractors in Afghanistan and Iraq—Assistance in Responding to Questions Regarding Taxation under the Respective Status of Forces Agreements.	49	SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012. Amounts derived from DoS response to SIGAR data call, April 6, 2012 and DoD response to SIGAR data call, April 17, 2012.
21	Majority Staff Report—Evaluating U.S. Foreign Assistance to Afghanistan, Committee on Foreign Relations United States Senate, June 8, 2011.	35	Afghanistan’s SY1390 National Budget (March 2011-March 2012).	50	DoS Congressional Budget Justification for Foreign Operations for FY 2013 and DoD Congressional Budget Justification for FY 2013, DoD Counter-Narcotics.
22	Report by the Commission on Wartime Contracting in Iraq and Afghanistan, “Transforming Wartime Contracting, Controlling costs, Reducing Risks”, August 2011.	36	SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012.	51	DoD response to SIGAR data calls for SIGAR Quarterly Reports to the U.S. Congress on Afghanistan Reconstruction. April 30, 2012.
23	GAO Report 11-138, titled “Afghanistan Development: U.S. Efforts to Support Afghan Water Sector Increasing, but Improvements Needed in Planning and Coordination”, issued November 2010.	37	SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012.	52	DoS Congressional Budget Justification for Foreign Operations for FY 2013.
24	Consolidated Appropriations Act, 2012, Public Law 112-74, Section 7046(a)(1) ESF & INCLE Restriction.	38	USAID Fact Sheet Afghanistan Civil Service Support, http://afghanistan.usaid.gov/en/USAID/Activity/165/Afghanistan_Civil_Service_Support_ACSS .	53	U.S. Government Integrated Civilian – Military Campaign Plan for Support of Afghanistan, February 2011.
25	The World Bank, Afghanistan in transition: Looking Beyond 2014, Volume 1: Overview, May 2012.	39	IARCSC news article, June 6, 2012, IARCSC website http://iarcsc.gov.af/en/news/10260 .	54	U.S. Government Integrated Civilian – Military Campaign Plan for Support of Afghanistan, February 2011.
26	President Hamid Karzai’s speech at the Bonn Conference December 5, 2011.	40	SIGAR Report 11-5, “Actions Needed to Mitigate Inconsistencies in and Lack of Safeguards over U.S. Salary Support to Afghan Government Employees and Technical Advisors” (Report Number 11-5, issued October 29, 2010).	55	DoS Congressional Budget Justification for Foreign Operations for FY 2013.
27	Tokyo Conference on Afghanistan, The Tokyo Declaration Partnership for Self-Reliance in Afghanistan from Transition to Transition, Tokyo mutual Accountability Framework, July 9, 2012.	41	SIGAR audit report “Despite Improvements in MoI’s Personnel Systems, Additional Actions Are Needed to Completely Verify ANP Payroll Costs and Workforce Strength” (Report No 11-10, issued April 25, 2011).	56	DoS Congressional Budget Justification for Foreign Operations for FY 2013.
28	Tokyo Conference on Afghanistan, The Tokyo Declaration Partnership for Self-Reliance in Afghanistan from Transition to Transition, Tokyo mutual Accountability Framework, July 9, 2012.	42	DoD OIG report titled “Distribution of Funds and Mentoring of Finance Officers for the Afghanistan National Army Payroll Need Improvement” (Report No. D-2012-058, Issued February 29, 2012).	57	United Nations Office on Drugs and Crime (UNODC) Afghanistan Opium Survey, December 2011
29	SY1391-1393 Afghanistan Ministry of Finance Pre-Budget Document,	43	DOS Congressional Budget Justification for Foreign Operations FY 2013	58	Summation of quarterly seizures cited in SIGAR Quarterly Reports to the U.S. Congress on Afghanistan Reconstruction dated July 30, 2011; October 30, 2011; January 30, 2012; and April 30, 2012.
		44	SIGAR audit report “Strategy and Resources Needed to Sustain Afghan	59	“GAO report titled “Strategy Evolving and Progress Reported, but Interim Performance Targets and Evaluation of Justice Reform Efforts Needed” (Report No GAO-10-291, issued March 9, 2010).
				60	GAO Report titled “Preliminary

	Observations on the Department of Defense's Counternarcotics Performance Measurement System" (Report No GAO-10-594R, April 30, 2010).		Office of Oversight Needs Significantly Strengthened Authority, Independence, and Donor Support to Become an Effective Anti-Corruption Institution (Report No 10-2, issued December 16, 2009), "Afghanistan's Control and Audit Office Requires Operational and Budgetary Independence, Enhanced Authority, and Focused International Assistance to Effectively Prevent and detect Corruption" (Report No 10-8 issued April 9, 2010), "U.S. Reconstruction Efforts in Afghanistan Would Benefit from a Finalized Comprehensive U.S. Anti-Corruption Strategy (Report No 10-15 issued August 5, 2010), and U.S. Agencies Have Provided Training and Support to Afghanistan's Major Crimes Task Force, but Reporting and Reimbursement Issues Need to be Addressed" (Report No 11-12 issued July 19, 2011).		Improve Accountability of U.S. Assistance to Afghanistan Government", (Report No. GAO-11-710, issued July 20, 2011).
61	DOS OIG audits included "Status of the Bureau of International Narcotics and Law Enforcement Affairs Counternarcotics Programs in Afghanistan", (Report No MERO-A-10-02, issued December 2009); "DynCorp Operations and Maintenance Support at Camp Falcon in Kabul, Afghanistan", (Report No. MERO-I-11-12, issued August 31, 2011); and "Performance Evaluation of PAE Operations and Maintenance Support for the Bureau of International Narcotics and Law Enforcement Affairs' Counternarcotics Compounds in Afghanistan", (Report No MERO-I-11-02, issued February 2011). DoD OIG audit was "Contracts Supporting the DoD Counter Narcoterrorism Technology Program Office," (Report No. D-2009-109, issued September 25, 2009).	73	The Consolidated Appropriations Act, 2012, Public Law 112-74, Section 7046(a)(1) ESF & INCLE Restriction.	83	DoD Report on Progress Toward Security and Stability in Afghanistan, dated April 2012.
62	Consolidated Appropriations Act, 2012, Public Law 112-74, Section 7046(a)(1) ESF & INCLE Restriction.	74	Senate Majority Staff Report—Evaluating U.S. Foreign Assistance to Afghanistan, Committee on Foreign Relations United States Senate, June 8, 2011.	84	GAO titled "Actions Needed to Improve Accountability of U.S. Assistance to Afghanistan Government", (Report No. GAO-11-710, issued July 20, 2011).
63	DoD Report on Progress Toward Security and Stability in Afghanistan, April 2012	75	Report by the Commission on Wartime Contracting in Iraq and Afghanistan, titled "Transforming Wartime Contracting, Controlling Costs, Reducing Risks", issued August 2011.	85	Hearing on Oversight of Iraq and Afghanistan Operations, House Oversight and Government Reform Subcommittee on National Security, Homeland Defense and Foreign Operations, December 7, 2012.
64	DoD "Report on Progress Toward Security and Stability in Afghanistan," April 2012.	76	Report by the Commission on Wartime Contracting in Iraq and Afghanistan, titled "Transforming Wartime Contracting, Controlling Costs, Reducing Risks", issued August 2011.	86	World Bank report titled "Afghanistan in Transition: Looking Beyond 2014, Volume 1: Overview, dated May 2012.
65	SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012.	77	SIGAR audit report "Weaknesses in Reporting and Coordination of Development Assistance and Lack of Provincial Capacity Pose Risks to U.S. Strategy in Nangarhar Province" (Report No. 11-1, issued October 26, 2010).	87	Report by the Commission on Wartime Contracting in Iraq and Afghanistan, titled "Transforming Wartime Contracting, Controlling Costs, Reducing Risks", issued August 2011.
66	Amount represents the sum of the number of trained Afghan legal professions under the Justice Sector Reform Program as reported by DoS and cited in SIGAR Quarterly Reports to the U.S. Congress on Afghanistan Reconstruction dated July 30, 2011, October 30, 2011, January 31, 2012 and April 30, 2012.	78	Congressional Research Service report for Congress, "Afghanistan: Post-Taliban Governance, security, and U.S. Policy", issued February 6, 2012.	88	Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer Overview of the FY 2013 Budget Request, February 2012.
67	SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, April 30, 2012 and DoS/INL response to SIGAR data call, 4/6/2012.	79	DoS Budget Justification, Foreign Operations FY 2013.	89	Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer Overview of the FY 2013 Budget Request, February 2012.
68	USAID, response to SIGAR data call, 7/4/2011.	80	GAO report "Actions Needed to Improve Accountability of U.S. Assistance to Afghanistan Government", (Report No. GAO-11-710, issued July 20, 2011).	90	The DoS Budget Justification, Foreign Operations FY 2013.
69	SIGAR Quarterly Report to the U.S. Congress on Afghanistan Reconstruction, July 30, 2011.	81	GAO report "Actions Needed to Improve Accountability of U.S. Assistance to Afghanistan Government", (Report No. GAO-11-710, issued July 20, 2011).	91	The DoS Budget Justification, Foreign Operations FY 2013.
70	U.S. Government Integrated Civilian – Military Campaign Plan for Support to Afghanistan, February 2011.	82	GAO report "Actions Needed to	92	USAID Administrator's letter to Senator Kerry dated June 1, 2011 referred to implementing the Accountable Assistance for Afghanistan—or A3—initiative, and fact sheet on A3 initiative from USAID website http://www.usaid.gov/locations/asia/countries/afghanistan/aaa.html .
71	USAID report "Assessment of Corruption in Afghanistan", January 15, 2009 – March 1, 2009.			93	GAO report "Operational Contract Support: Management and Oversight Improvements Needed in Afghanistan (Report No GAO-12-290, issued March 29, 2012).
72	SIGAR audit reports "Afghanistan's High			94	SIGAR audit report "USAID Spent Almost \$400 Million on an Afghan Stabilization Project Despite Uncertain Results, But Has Taken Steps to Better Assess Similar Efforts", (Report No 12-4, issued April 25, 2012).
				95	SIGAR audit report "USAID Has Disbursed \$9.5 billion for Reconstruction and Funded Some Financial Audits as Required, But Many Audits Face Significant Delays, Accountability Limitations, and Lack of Resources, (Report No 12-9, issued April 30, 2012).

Copies of the Joint Strategic Oversight Plan for Afghanistan Reconstruction are available at the internet website for the Special Inspector General for Afghanistan Reconstruction at <http://www.sigar.mil>