





MESSAGE FROM THE SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION

I am pleased to submit to the U.S. Congress this third quarterly and first semiannual report of the Office of the Special Inspector General for Afghanistan Reconstruction.

Since this office issued its last Quarterly Report to Congress, the United States Government conducted a thorough assessment of U.S. policy towards Afghanistan and Pakistan. At the end of March 2009, President Barack Obama announced a new strategy aimed at disrupting, dismantling, and defeating al Qaeda and preventing its return to these two countries. To implement this new strategy, which includes increasing the number of U.S. troops and civilians in Afghanistan, the Administration has asked the Congress for additional resources for reconstruction programs to build the Afghan security forces, advance the rule of law, and lay the foundation for economic development. The President noted SIGAR's important role in providing oversight to ensure that taxpayer dollars are not subject to waste, fraud, or abuse.

I have made three trips to Afghanistan since my appointment as Inspector General. During my most recent visit in March I met with senior Afghan officials, including President Hamid Karzai, as well as the U.S. civilian and military leadership. I also had meetings with members of the international development community and spent time with two Provincial Reconstruction Teams (PRTs) and local government officials. These discussions underscored the urgent need for the United States to support anti-corruption efforts in Afghanistan and for U.S. reconstruction efforts to be better integrated not only among U.S. agencies, but also between these agencies, the Government of the Islamic Republic of Afghanistan (GIRoA), and the international community.

As part of the new U.S. strategy, the President said there needs to be a new compact with the Afghan government that cracks down on corrupt behavior. Afghan officials, including President Karzai, have asked me to help them to strengthen their government's capability to combat corruption. Since corruption corrodes the legitimacy of the government and undermines international reconstruction and development efforts, I believe that strengthening Afghanistan's capability to fight corruption should be an integral part of the U.S. reconstruction strategy. Therefore, I have written to senior U.S. officials requesting information on what our implementing agencies are currently doing to assist the GIRoA to develop the capacity to fight corruption. I have urged them to respond directly to the Afghan government's repeated pleas in this area.

SIGAR is also considering ways to respond to Afghanistan's requests for support in combating corruption that are consistent with our oversight mandate, the need to remain independent and objective, and our budgetary realities. We will conduct an audit that focuses on 1) evaluating the capacity of the Afghan government to fight corruption, and 2) determining what the United States and other donors have done to strengthen that capacity. This audit will also assess how the U.S. government has responded to the Afghan government's requests for assistance to combat corruption.

In my testimony before the House Armed Services Committee in March, I pointed out that, in addition to the \$32 billion in U.S. appropriated funds, the international community has pledged approximately \$25 billion towards

Afghanistan's reconstruction. The Joint Coordination and Monitoring Board (JCMB) is responsible for coordinating and implementing the Afghanistan Compact and the Afghanistan National Development Strategy (ANDS). The JCMB has established a secretariat and is conducting a strategic review to support the integration of the ANDS with the Afghanistan Compact objectives. We



The Special Inspector General (center) inspects a bridge construction project in Konar Province.

We believe improved cooperation and coordination are necessary to take full advantage of all the funds provided to Afghanistan, and at the same time, significantly reduce potential waste resulting from duplication of effort. I plan to meet with members of the JCMB during my next visit to Afghanistan to discuss what it is doing to enhance international cooperation in rebuilding Afghanistan.

In the last three months SIGAR has expanded its offices. We now have a presence in four locations in Afghanistan and are executing our plan to provide broad inter-agency oversight as mandated by the 2008 National Defense and Authorization Act (P.L. 110-181) which established SIGAR. We have begun six audits. Some of these audits, such as the review of the controls and accountability for the Commander's Emergency Response Program (CERP), will focus on U.S. programs. Others, such as a review of the U.S. and international programs to assist Afghanistan's energy sector, will assess, among other things, multilateral goals, coordination, and the degree to which Afghans participate in the decision-making process and implementation of reconstruction programs. We have also begun work on contract oversight and expect our first audit report in May. Once this report is completed we will begin to examine the use of security contractors in Afghanistan.

My inspections team, after visiting several reconstruction projects in the provinces, has determined that it is feasible to conduct inspections throughout Afghanistan. Our inspectors are currently focusing on infrastructure projects and the PRTs.

SIGAR is poised to fulfill its broad mandate to provide effective oversight of the reconstruction effort in Afghanistan. We have received \$16 million dollars in appropriated funds and this was sufficient to cover our start-up needs. However, we face a \$7.2 million shortfall for the remainder of fiscal year 2009. This additional funding is essential for us to continue to hire and deploy the professional staff necessary to meet our oversight responsibilities.

Very Respectfully,

A handwritten signature in black ink, appearing to read "Arnold Fields".

Arnold Fields
Major General, USMC (Ret.)
Special Inspector General for Afghanistan Reconstruction

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

This quarterly and semiannual report to Congress on reconstruction in Afghanistan is divided into four sections followed by appendices. Section one summarizes recent developments that impact reconstruction in Afghanistan. Section two details SIGAR's oversight activities undertaken since January 30, 2009. Section three provides an update on the use of reconstruction funds in Afghanistan. Section four describes the reports and audits relating to the reconstruction of Afghanistan by other inspectors general and the Government Accountability Office (GAO).

Afghanistan Update

Several recent developments, including the announcement of a new U.S. strategy for Afghanistan and Pakistan, have affected the reconstruction program in Afghanistan and underscored the importance of vigorous oversight. SIGAR has prioritized its audits and inspections to provide broad oversight of projects and programs that are critical to achieving the U.S. strategic objectives in Afghanistan.

Recognizing the importance of holding free, fair, and transparent elections, SIGAR is conducting a two-phase audit of programs to support the elections process. The first part of the audit, which will be released prior to the elections, is intended to identify what the United States and the international community are doing to help Afghanistan prepare for elections. The second part of the audit will be issued after the elections as a "lessons learned" report to assist in the planning of future elections.

SIGAR Oversight

Since its last quarterly report to Congress, SIGAR has completed three oversight planning documents, begun six audits, conducted several site visits of reconstruction projects in Afghanistan, and issued two letters of inquiry concerning anti-corruption efforts. The Inspector General also testified before the House Armed Services Committee at a hearing on "Effective Counterinsurgency: How the Use and Misuse of Reconstruction Funding Affects the War Effort in Iraq and Afghanistan."

Reconstruction Funding

The U.S. Congress has appropriated \$32.9 billion for the reconstruction of Afghanistan since 2002. Other nations and international organizations have pledged a total of about \$25.4 billion for the reconstruction of Afghanistan during the same period. Currently, the United States contribution accounts for about 60 percent of the \$58.3 billion in delivered and promised international aid to Afghanistan.

SIGAR is planning to conduct an audit to identify and track the allocations, obligations, and expenditures of all U.S. funds used for Afghanistan's reconstruction. As a result of this audit, SIGAR will be able to provide detailed, reliable information on the use of U.S. funds by fiscal year, as well as by agency account and reconstruction sector or program.

The Departments of Defense and State, and the United States Agency for International Development reported that approximately \$13.6 billion have been obligated for about 950 reconstruction contracts in Afghanistan. SIGAR is analyzing the data provided by these agencies.

Oversight by Other Agencies

GAO published two reports and also provided congressional testimony pertaining to reconstruction in Afghanistan this reporting period. Both of the GAO reports concerned aspects of the U.S. effort to build the Afghan security forces.

The Inspectors General of the Departments of State and Defense, as well as the Inspector General of USAID, and the GAO have on-going audits of reconstruction activities in Afghanistan. SIGAR will present summaries of these audits as they are issued.

INTRODUCTION



INTRODUCTION

Since SIGAR's last Quarterly Report to Congress, several developments have affected the reconstruction program in Afghanistan and underscored the importance of vigorous oversight. SIGAR has adapted its strategic plans to address issues raised as a result of these events:

- The United States announced and has begun implementing a new military and political strategy which will require additional resources for reconstruction in Afghanistan.
- The international community pledged to provide additional resources for governance, economic development, and security programs in Afghanistan.ⁱ
- Afghanistan scheduled its presidential elections for August of this year.
- Afghan officials, including President Karzai, have personally asked SIGAR for assistance to combat corruption.

New U.S. Strategy

In response to deteriorating security across Afghanistan, President Obama announced a new U.S. Strategy to “disrupt, dismantle, and defeat al Qaeda in Pakistan and Afghanistan, and to prevent their return to either country in the future.”ⁱⁱ Under this strategy the United States is increasing its assistance to Afghanistan in three critical areas. First, the United States is deploying additional combat troops to improve security. Second, it is shifting the emphasis of the mission to training and increasing the size of Afghanistan's security forces. Third, it is bolstering the civilian effort to promote good governance and economic development.ⁱⁱⁱ This new strategy demands greater oversight of the entire reconstruction program.

On April 9, 2009 the President sent to the U.S. Congress a supplemental appropriations request totaling \$83.4 billion to fund ongoing military, diplomatic, and intelligence operations. He said that nearly 95 percent of these funds would be used to support U.S. troops in Iraq and Afghanistan. The President said the rest of the money would fund a variety of other U.S. and international programs.^{iv} It is not yet clear how much of this will go for reconstruction in Afghanistan.

The President said that the days of “wasteful reconstruction” must end and announced his budget would also include a request for robust funding of SIGAR.^v SIGAR is prioritizing its audits and inspections to provide broad oversight of projects and programs that are critical to achieving the U.S. strategic objectives in Afghanistan.

The new strategy will put additional resources into building Afghanistan's security forces. In the coming months the United States will deploy approximately 4,000 U.S. troops to train and support the Afghan National Army (ANA) and the Afghan National Police (ANP). The goal is to have a 134,000-strong army and an 82,000-strong police force by 2011.^{vi} SIGAR is paying particular attention to security programs which have to date consumed more than half of all U.S. reconstruction dollars. For example, SIGAR's first audit report, which it expects to release in May 2009, examines the oversight of a \$404 million contract to provide training to the ANA and the ANP.

In addition to more troops, the United States plans to significantly augment the civilian effort in the provinces to support a broad range of reconstruction activities to strengthen Afghanistan's economy and its institutions. This includes working with Afghans to develop economic alternatives to the illicit drug trade which fuels crime and funds the insurgency, build critical infrastructure, provide essential services, combat corruption, and advance the rule of law. Since most of these civilians will be assigned to the Provincial Reconstruction Teams (PRTs), SIGAR is launching a comprehensive inspection of the management of the PRTs. During FY 2009, SIGAR will inspect four PRTs and intends to complete its review of all 26 PRTs operating in Afghanistan over the next two years. In addition, SIGAR is auditing the internal controls of the Commander's Emergency Response Program (CERP), which is providing some of the funds for PRT reconstruction projects.

The new U.S. strategy also puts renewed emphasis on increasing international support for the reconstruction of Afghanistan. The President said the United States is urging its NATO allies in Afghanistan, the United Nations, and international aid organizations to provide additional civilians—from agronomists and educators to engineers, lawyers and accountants—to assist the reconstruction effort. SIGAR is paying particular attention to the coordination of U.S. and international projects and programs to rebuild Afghanistan.

The International Conference on Afghanistan

Secretary of State Hillary Clinton received support for the new U.S. strategy at the International Conference on Afghanistan held in the Netherlands on March 31. Representatives from about 90 countries attended the meeting and in a final statement the conference chairmen welcomed the strategy "as an important contribution to re-energizing our common efforts in Afghanistan."^{vii} Conference participants identified three priority goals: to promote good governance and stronger institutions; to generate economic growth; and to strengthen security and enhance regional cooperation. They pledged to provide the resources required to achieve these goals.^{viii}

As part of its oversight responsibilities, SIGAR is tracking international contributions to the reconstruction of Afghanistan to evaluate U.S. coordination of its programs with those of the international community. SIGAR's strategic plan includes audits which will not only review

U.S. projects within a sector, but also assess the degree to which they are integrated into an overall plan with internationally-funded projects.

Delegates to the international conference underscored the importance of Afghanistan's presidential elections and promised to support the effort to conduct a secure, transparent, fair, and credible vote that helps consolidate democracy.^{ix}

Elections

President Karzai's term was to officially end on May 22 of this year. Although the Afghanistan Constitution mandates that elections be held 30 to 60 days before the end of a president's term, the Afghanistan Independent Election Commission (IEC) announced it will hold the elections on August 20, 2009.^x The postponement gives the Afghan and international forces more time to improve security. The IEC plans to open polling in every district, while recognizing that it may not be able to conduct voter registration in 14 districts that are not considered safe by the United Nations. The United Nations is supporting the election process through the United Nations Development Fund (UNDP). The United States recently pledged \$40 million to the UNDP election effort and is encouraging other potential donor nations to contribute funds to help meet the UNDP's requirements for the elections.^{xi}

Recognizing the importance of holding free, fair, and transparent elections, SIGAR is conducting a two-phase audit of programs to support the elections process. The first part of the audit, which will be released prior to the elections, is intended to identify what the United States and the international community are doing to help Afghanistan prepare for elections. The second part of the audit will be issued after the elections as a "lessons learned" report to assist in the planning of future elections.

Anti-Corruption Initiatives

The U.S. government has observed that corruption corrodes the legitimacy of the Afghan government and undermines reconstruction and development efforts. President Obama, in announcing the new strategy, said the United States "will seek a new compact with the Afghan government that cracks down on corrupt behavior" and establishes clear guidelines for international assistance.

Afghan officials, including President Karzai, have requested that SIGAR help them develop the capacity to combat corruption. SIGAR believes that strengthening the capabilities of the Afghan government to fight corruption should be an integral part of the reconstruction effort. SIGAR has written to senior U.S. officials to ascertain what the U.S. Government is currently doing to combat corruption in Afghanistan.

SIGAR will conduct an audit to evaluate the capacity of the Afghan government to fight corruption and determine what the United States and other donors have done to strengthen Afghanistan's capacity. The audit will also assess how the U.S. government has responded to the Afghan government's requests for assistance to combat corruption.

SIGAR OVERSIGHT

The National Defense Authorization Act of 2008 (Public Law 110-181) established the office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits and investigations on the use of taxpayer dollars and related funds. A key part of SIGAR's mission is to keep the Congress and the Secretaries of State and Defense informed of reconstruction progress and weaknesses.

Afghanistan reconstruction, as defined by P.L. 110-181, includes any major contract, grant, agreement, or other funding mechanism entered into or implemented by any department or agency of the United States government that involves the use of funds appropriated, or otherwise made available for the reconstruction of Afghanistan with any private entity to:

- Build or rebuild the physical infrastructure of Afghanistan
- Establish or reestablish Afghanistan's political or social institutions
- Provide products or services to the people of Afghanistan^{xii}

During this quarter SIGAR has completed three oversight planning documents, begun six audits, conducted several site visits of reconstruction projects in Afghanistan, and issued two letters of inquiry concerning anti-corruption efforts. The Inspector General also testified before the House Armed Services Committee at a hearing on "Effective Counterinsurgency: How the Use and Misuse of Reconstruction Funding Affects the War Effort in Iraq and Afghanistan."

SIGAR MISSION, GOALS, and STRUCTURE

SIGAR recognizes that reconstruction is critical to the U.S. strategy to defeat Al Qaeda and promote a more capable and accountable government in Afghanistan.

In the conduct of its work, SIGAR takes into account the reconstruction objectives of the Afghanistan Compact and Afghanistan National Development Strategy (ANDS), as well as the U.S. strategic objectives. The Compact, approved in 2006, established a framework for international cooperation with Afghanistan. It identified three critical and interdependent pillars of reconstruction: security, governance, and development. The ANDS, signed by President Karzai in April 2008, laid out the Afghan government's development vision for 2020, and outlined specific objectives within the three pillars of the Afghanistan Compact.

SIGAR's primary goal is to provide accurate and balanced information, observations, and recommendations to the U.S. Congress, U.S. agencies, and other decision-makers to:

- Improve effectiveness of the overall reconstruction strategy and its component programs
- Improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors
- Improve contracting and contract management processes
- Prevent fraud, waste, and abuse
- Advance U.S. interests in the reconstruction of Afghanistan

SIGAR has created four directorates—audits, inspections, investigations, and information management—to achieve its objectives. It has offices in Arlington, Virginia and at the U.S. Embassy in Kabul. During this reporting period, SIGAR also established a presence at the Bagram Air Field (BAF) and at the Kandahar Air Field (KAF) to facilitate audit, inspection, and investigation visits to reconstruction projects in the provinces.

Memorandum of Agreement with the Department of the Army and the United States Forces-Afghanistan (USFOR-A)

In April 2009, SIGAR and the Office of the Secretary of the U.S. Army signed a memorandum of agreement (MOA) outlining the actions, roles and responsibilities of the Department of the Army as the designated support agency of SIGAR. This includes administrative, logistical, and contracting support. SIGAR signed a second MOA with USFOR-A which established the framework for USFOR-A's assistance to SIGAR in Afghanistan. Under this agreement, USFOR-A began providing direct support for SIGAR teams working from Camp Eggers, BAF, and KAF on April 1, 2009. USFOR-A subsequently issued a fragmentary order (FRAGO) directing its subordinate commands to fully support SIGAR oversight efforts throughout Afghanistan by providing security, office space, life support, and transport. This support is essential to SIGAR fulfilling its oversight mission.

AUDITS

SIGAR has appointed an Assistant Inspector General for Audits (AIG-Audits) and now has eight auditors and program analysts in place. Four of them are based in Kabul and the other four will travel to Afghanistan as needed. They are all highly qualified professionals with significant work experience with the Government Accountability Office (GAO) or other inspectors general, and most have advanced degrees. To assist and provide temporary audit staff augmentation, the Special Inspector General for Iraq Reconstruction (SIGIR) has detailed three staff members to SIGAR. They are currently in Kabul and SIGAR is paying their salaries. Subject to funding, SIGAR plans to hire at least ten additional auditors this fiscal year.

Since January 30, 2009, the SIGAR audit team has completed its strategic plan, developed a work plan for FY 2009, and launched six audits.

Audit Priorities

Public Law 110-181 (Sections 1229 and 842) gives SIGAR broad audit responsibilities in three areas:

- Directs SIGAR to conduct, supervise, and coordinate audits of the treatment, handling, and expenditure of amounts appropriated or otherwise made available for the reconstruction of Afghanistan, and of the programs, operations, and contracts carried out utilizing such funds.
- Requires that audits of contracts be coordinated with other inspectors general, and tasks SIGAR to develop a comprehensive plan for government-wide conduct of these contract audits.
- Charges SIGAR to conduct a forensic audit of all reconstruction funding.

SIGAR has identified six categories of audits it plans to conduct to fulfill these responsibilities, these include reviews of:

- Security programs to assist the development of Afghanistan's military and police
- Development sector effectiveness
- Governance sector effectiveness

- The use of contractors and of specific contracts for security services and other reconstruction purposes
- Internal controls and accountability
- Reconstruction strategy, planning, and oversight

SIGAR has six audits underway that fall under four of these categories. As SIGAR builds its audit capacities, it anticipates having at least one review ongoing in each category at all times. All audits will be vetted within the cognizant inspectors general (IG) community, and with GAO prior to initiation to avoid redundancies and to take full advantage of prior reports. With the exception of contract audits mandated by SIGAR's enabling legislation (PL 110-181), the audit team will generally look across multiple agencies to avoid overlap with individual IG authorities. SIGAR will determine audit priorities based on congressional guidance; the audit coverage and plans of other IGs, the GAO, and other, audit agencies; events in Afghanistan; security issues affecting the feasibility of conducting the work; U.S. agencies, the U.S. Embassy in Kabul, and the Government of Afghanistan.

Security Sector: Military and Police Aid

Both the new U.S. strategy for Afghanistan and the ANDS make improving security through the development of Afghanistan's military and police forces a top priority. Programs to support and train Afghan forces and police have accounted for approximately \$15 billion of the \$32 billion appropriated for the reconstruction of Afghanistan since 2002. This is the largest portion of reconstruction funds. Military assistance to Afghanistan is likely to grow as the United States implements its program to increase the size and capability of the Afghan forces. The Department of Defense (DoD) manages most of these funds, which are used to provide equipment and supplies as well as training, but the State Department also contributes to some security projects. For example, the State Department provides funding and contract oversight of civilian contractors hired to conduct police training. Because of the size of the military and police aid programs, SIGAR will begin its audit work in this area with a broad survey to identify audit issues and priorities.

Comprehensive Development Sector Effectiveness Review

Development is the second of the three pillars of the ANDS. Development projects and programs receive the second largest amount of funding, after security, from the United States and the international community. The United States has allocated about \$6 billion to this pillar. Development programs aim to undermine the influence of radical elements by improving the quality of life for Afghan citizens. The challenge is to balance development assistance with the capacity of Afghanistan's institutions to manage it effectively.

SIGAR will conduct comprehensive audits of reconstruction efforts by multiple agencies that focus on specific development sectors, such as health, education, energy, transportation, and agriculture. The U.S. Agency for International Development (USAID) provides much of the assistance for these sectors, but other agencies, including the Department of Defense, also have development projects. For example, the Commander's Emergency Response Program (CERP) supports the humanitarian and development sectors. SIGAR reviews will look at funding, how U.S. agencies and international donors are coordinating efforts, whether programs are achieving their desired results, and what challenges exist. These reports will provide a basis for discussing U.S. reconstruction programs in key sectors to be featured in SIGAR's quarterly reports to Congress. SIGAR is well positioned to conduct these audits because, like the GAO, it has the authority to audit multi-agency programs. Agency inspectors general are limited in their ability to audit other agencies' programs.

SIGAR started this series of comprehensive audits with the energy sector. The objectives of the audit of the **effectiveness of reconstruction efforts in the energy sector are to:**

- Identify U.S. and international goals for the reconstruction and sustainment of Afghanistan's energy sector
- Identify the performance metrics used to determine if project milestones and outcomes are adequately tracked
- Assess the progress and results of energy sector reconstruction efforts against the ANDS
- Assess the coordination between the U.S. and international agencies in energy sector reconstruction
- Assess Afghan participation in the decision-making process and implementation of reconstruction programs

Subsequent audits will look at the effectiveness of the reconstruction efforts in other sectors, including agriculture, education, health, transportation, and water.

Comprehensive Governance Sector Reviews

Governance is the third pillar of the ANDS. U.S. efforts are concentrated on developing governing capacity, increasing transparency, and instituting the rule of law in Afghanistan. Because of the importance of the August 2009 elections, SIGAR's first audit in the governance sector is examining the effectiveness of reconstruction efforts to support preparation for and conduct of elections. This review of U.S. assistance for the preparation and conduct of presidential and provincial council elections in Afghanistan will produce two

reports. The first, which will focus on the preparations for the elections and coordination of U.S. and international support of the elections, will be released before the elections. The second report, to be published after the elections, will analyze the conduct of the elections. The objectives of this review are to:

- Identify elections assistance funded by the United States and by the international community
- Assess the overall coordination between U.S. and internationally-funded activities to prepare for the elections
- Assess the overall effectiveness of various aspects of election preparation, including voter registration, voter education, polling center security, ballot box integrity, and vote counting procedures
- Identify the strengths and weaknesses of the election process
- Identify lessons learned that may be applied to future elections

Subsequent audits in the governance sector will examine reconstruction programs to advance the rule of law, projects to support an independent media, and initiatives to develop oversight entities within Afghanistan's ministries.

Contractor and Contract Audits

SIGAR's authorizing legislation calls for it to review the use of specific contractors and conduct targeted audits of individual contracts. Auditors will assess compliance with contracting procedures, contractor performance, and agency oversight of the contract. SIGAR expects this work to result in an improved contracting and management process and may generate leads for investigations of waste, fraud, and abuse.

SIGAR shares responsibilities for oversight of contracts with the Inspectors General from the Departments of Defense and State, the Inspector General from USAID, GAO, and several other audit agencies. However, authorizing legislation assigns to SIGAR the task of preparing comprehensive plans of contract audits, including security contractor audits, which it and other inspectors general will perform. SIGAR will play a lead role in ensuring that contracts receive adequate audit coverage. SIGAR will select its own audits based on input from other inspectors general and information received in Kabul on contractors and contracts that warrant oversight. In addition, SIGAR will obtain data from reconstruction agencies on all contracts to help determine priorities. SIGAR will complete the required plan for audits of contracts and security contractors by the end of this calendar year.

In the meantime, SIGAR has commenced a series of audits of the **oversight and performance of selected contractors for goods and non-security services**. This will be an ongoing effort with reports issued every 4-6 months. SIGAR will complete an inventory of all existing contractors; concurrently, auditors will begin individual contractor audits. SIGAR will periodically issue summary reports of observations and recommendations resulting from these audits. SIGAR will also assess contractor performance and compliance with contracting procedures.

The first contractor audit is examining the U.S. agencies' use of the Louis Berger Group for reconstruction programs. The audit objectives are to:

- Determine the number and volume of contracts with the contractor
- Assess the agencies' oversight of the contractor and contractor performance

Whenever the work on oversight and performance of contractors uncovers serious weaknesses, SIGAR will consider performing **focused contract** audits of individual contracts. This may involve looking at the pre-award process, doing a post-award audit, and reviewing a contractor's internal control system.

SIGAR will also begin a series of audits of the use of security contractors, beginning in June 2009.

Internal Controls and Accountability

SIGAR will conduct audits to evaluate the internal controls and accountability of the U.S. implementing agencies and the Afghan government in the reconstruction program. The objective is to identify any control weaknesses and vulnerabilities to corruption created by these weaknesses. Reports will make specific recommendations to improve accountability and may generate leads for further investigation.

SIGAR has launched two audits in this area. The first audit is evaluating the **accountability and controls over the Commander's Emergency Response Program (CERP)**. This review will:

- Examine the controls and procedures in place to ensure the accountability of CERP funds
- Determine how CERP funds are used in relation to congressional authorization and the intentions outlined in program objectives and mission strategies

The second audit is examining **the oversight and management provided by key reconstruction agencies**. This broad assessment of how agencies are managing the reconstruction program will include an examination of:

- Controls and accountability over funding flows
- Project development and management
- Performance metrics
- Assignment of funded activities to contractors and U.S. government personnel

As part of this work, SIGAR's first audit report, which examines the contract oversight conducted by the Combined Security Transition Command-Afghanistan (CSTC-A), will be issued in May 2009. CSTC-A, in conjunction with the GIRoA and U.S. coalition partners, is the DoD command responsible for the management of U.S. programs to develop capable Afghanistan National Security Forces. SIGAR has provided a draft report to relevant agencies for their review and is considering recommending action to CSTC-A to improve its oversight of contractors performing training and related services.

Reconstruction Strategy, Planning, and Oversight

SIGAR believes it is useful to look at strategy, planning, and oversight issues associated with the overall reconstruction effort. Therefore, SIGAR will assess the tools used by the U.S. agencies, the international donor community, and the Afghan government to plan, manage, and oversee reconstruction as a whole.

Auditors are currently conducting an **assessment of U.S. government information systems' ability to provide data and management information to decision-makers**. The purpose of this review is to identify how information management systems are being used to track and report on reconstruction efforts in Afghanistan. It will:

- Identify the systems used to manage reconstruction information
- Determine the extent to which the systems are integrated
- Determine the responsibilities of U.S. agencies to ensure that consistent, accurate, and complete data is gathered and used in these systems

Ensuring Effective Oversight

In addition to performing its own audits, SIGAR will work to enhance the overall oversight of reconstruction programs in Afghanistan by:

- Meeting with congressional and executive branch decision-makers to discuss their oversight needs
- Coordinating with cognizant inspectors general and the government audit community to minimize duplication of effort
- Identifying the audit coverage provided each oversight agency
- Identifying programs or aspects of programs that may not be receiving adequate oversight

SIGAR coordinates with the inspector general community and the GAO in a number of formal and informal ways. SIGAR is a member of the Council of Inspectors General on Integrity and Efficiency and the South West Asia Joint Planning Group (SWA/JPG). SWA/JPG is a forum for discussing current and planned oversight efforts in the South West Asia region, which includes Afghanistan. In addition, SIGAR communicates on a regular basis with officials from the Inspectors General for Defense, State, and USAID, and the GAO to coordinate planned and future audits. SIGAR is also working with representatives from these inspectors general and the GAO to establish an oversight coordination sub-group within the SWA/JPG to meet on an as needed basis to coordinate Afghanistan-specific oversight issues.

Forensic Audit

SIGAR is required to conduct a final forensic audit report on programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. During 2009, SIGAR will develop a plan for completing this forensic audit. Key components of this effort will be to:

- Gather data on all contracts and identify how they are managed
- Hire auditors experienced in reviewing contracting policies, rules, and procedures; and in forensic audits and fraud examination
- Conduct contract audits

- Review contract audits conducted by other entities
- Review efforts of the Special Inspector General for Iraq Reconstruction (SIGIR) to meet a similar legislative requirement

INSPECTIONS

During this reporting period, the SIGAR Inspections Directorate increased its staff to four.

The Inspections Directorate finalized its strategic plan and developed a coordinated work plan for FY 2009. Taken together, these two documents will guide the work and priorities of the SIGAR Inspections Directorate for the rest of the year.

Inspection teams also completed several reconstruction site-visits, which allowed SIGAR to determine that it is feasible to conduct inspections throughout Afghanistan. SIGAR has also developed the criteria that its inspection teams will use for the evaluation of projects.

A report summarizing the findings from the on-site visits of CERP-funded projects in Parwan and Kapisa Provinces is being prepared for final review and comment. It is expected that the report will be finalized by May 2009.

Inspection Priorities

SIGAR will conduct inspections in four areas:

- Infrastructure and construction related projects
- Management aspects of Provincial Reconstruction Teams (PRTs)
- Operation of a Hotline/Complaints Management System
- Rapid response fact-finding work

Rapid Response Inspection Activities

Over the last three months, SIGAR's rapid response inspection teams visited Bagram, Kandahar, and Khowst to assess the feasibility of conducting field work in remote areas of Afghanistan. SIGAR's rapid response inspection team evaluated:

- Security required for SIGAR personnel to inspect projects in the provinces
- Availability of project documentation, contractors, and implementers
- Logistics and support needed to conduct field work
- Sustainability of the projects

The agreement with USFOR-A and CJTF-101 enables SIGAR to overcome security related obstacles, and conduct the necessary field inspections from Bagram Air Field and from Kandahar Air Field.

SIGAR has secured office and living spaces in both locations.

As part of its feasibility assessment, SIGAR's rapid response inspection team evaluated three CERP-funded agricultural projects in the Bagram area and one CERP-funded energy project in Khowst Province.

The agricultural projects, which had a total value of about \$200,000, included 1) the **Kapisa**

Province Women's Saffron Production Project, 2) the **Animal Health Information Campaign Project for Kapisa and Parwan Provinces**, and 3) the **Jan Qadam-Bagram Land Leveling and Grape Vineyard Trellis Project**. SIGAR selected these projects for preliminary review because of the vital role the agriculture sector plays in Afghanistan's economy and because these projects touch on key reconstruction issues such as capacity building, health and nutrition, gender equality, and the creation of alternatives to the cultivation of poppies.



Afghan women participate in the harvesting of saffron plants in November 2008



Original condition of the Khowst power plant in Jan 2008

The SIGAR rapid response inspection team also visited the CERP-funded **Khowst Electric Grid and Power Network Upgrade Project**. SIGAR chose to visit this project because of its central location in Khowst near the Afghanistan-Pakistan border, its proximity to a U.S. military forward operating base (FOB Salerno), and the importance placed on electricity generation and distribution by the ANDS.

The ANDS identified development of the energy sector as a precondition for reducing poverty and strengthening private sector and rural development. It calls for the generation and distribution of energy to 65 percent of households in major urban areas and 25 percent of households in rural areas by the end of 2010.

These site visits found a continuing need to address sustainability issues in small and large projects. While the Kapisa Province Women's Saffron Production Project successfully trained 25 impoverished women to cultivate, process, and sell saffron spice at a profit, it is not yet self-sustaining. It was completed on time and within budget and turned over to the Kapisa Province Ministry of Women's Affairs (MoWA) to continue its operations. However, MoWA representatives said the Ministry does not have the resources it needs to sustain this program for the two years it will take before it can become fully self-sufficient. The PRT which initiated the project has not identified any more funding for this project. Without additional resources, it is unlikely that this project will achieve its objective of becoming a self-sustaining program.

SIGAR inspectors also identified serious sustainability issues with the Khowst Electric Grid and Power Network Upgrade Project. When the project, which cost \$1 million, was turned over to the Khowst Provincial Minister of Energy and Water in September 2008, all three newly-installed generators were operating properly. During the March 2009 SIGAR site visit, however, only one of the generators was still functioning and it was only operating at 60 percent capacity. Project documents indicated that generators cost about \$116,000 each. The plant manager told SIGAR that two generators were inoperable because they were missing parts. SIGAR plans to examine the sustainment issues raised during its site visit through a more comprehensive inspection of this project. (See Appendix D for a list of planned inspections)

These site visits served primarily to help SIGAR determine the feasibility of conducting investigations in the field, identify major reconstruction challenges and develop an inspections plan.

Inspection of Infrastructure Construction

SIGAR is focusing most of its inspection work on completed and ongoing U.S.-funded infrastructure projects in critical sectors such as energy, health care, agriculture, education, and security. These inspections are designed to complement audit activities in these sectors.

The inspection teams include professional engineers, inspectors, and program analysts. Inspections of buildings and construction sites are designed to determine if the work was done on time and within budget, and used materials required by the contract. A key objective of all inspections is to assess if a facility is being used as intended and maintained properly by the local population or local authority.



Khovst power plant following the installation of new generators and power distributors in June 2008

Inspections of Management Aspects of Provincial Reconstruction Teams (PRTs)

SIGAR will begin inspections of the management of the PRTs in May of this year. Based on initial visits to several PRTs and in consultation with PRT managers, SIGAR is continuing to refine a standardized checklist of management issues it intends to assess. This includes such key indicators as interagency staffing levels, the quality of communications (internet, cell phone and land line connectivity), the availability of computer hardware and software, life support, and team morale. The inspection will also identify the challenges faced by PRT program advisors. SIGAR plans to complete comprehensive inspections of four PRTs before the end of 2009 and intends to inspect all of the PRTs over the next two years.

Hotline/Complaints Management System

SIGAR has expanded its Hotline/Complaints Management system to provide U.S. government employees, contractors, coalition partner personnel, and Afghanistan citizens a variety of ways to report allegations of fraud, waste, abuse, mismanagement, and reprisal. In Afghanistan SIGAR has an Afghanistan cell phone line, a DSN line for DoD civilian and military personnel, and an international phone line. In the United States, SIGAR has a second DSN line, a secure dedicated fax line, and a dedicated email address. Complaints may also be submitted anonymously on SIGAR's website. SIGAR has established voice mail in Afghanistan in three languages—Dari, Pashtu, and English—to allow callers to report a complaint. The voice mail also refers callers to the SIGAR website.

SIGAR has received four complaints through the Hotline/Complaints Management System since January 2009. SIGAR has determined that two of these complaints had no merit, and is looking into the other two to determine if there is any validity to the allegations. All complaints that are found to have merit will be referred, as appropriate, for further review by SIGAR staff or by other inspectors general or responsible agencies.

SIGAR is also distributing Hotline posters in three languages—English, Dari, and Pashtu—to U.S. government installations, forward operating bases, the U.S. Embassy in Kabul, regional embassy offices, PRTs, and jobsites funded by U.S. reconstruction money in Afghanistan as practicable. SIGAR maintains a complete record of all complaints received. Additional information on the Hotline is available at www.sigar.mil/fraud.

Rapid Response Fact-Finding Inspections

SIGAR will perform rapid response fact-finding inspections when it is neither necessary nor practical to conduct a comprehensive inspection or audit. These quick inspections will enable SIGAR to provide timely information to support the SIGAR leadership or respond quickly to requests from the U.S. Congress, the Secretaries of State and Defense, or other government agencies operating in Afghanistan.

INVESTIGATIONS

Since January 2009, SIGAR has deployed two investigators to Afghanistan, and initiated preliminary inquiries into allegations of irregularities and impropriety in four cases.

SIGAR is also focused on improving the coordination and cooperation between several U.S. law enforcement agencies in Afghanistan. As part of this effort, it has worked to unify and expand the International Contract Corruption Task Force (ICCTF).

The ICCTF

In addition to SIGAR, the ICCTF includes the Defense Criminal Investigative Service (DCIS); the Federal Bureau of Investigation (FBI); and the U.S. Army Criminal Investigation Command (CID). The SIGAR investigator operates out of the main ICCTF office at BAF. Since SIGAR arrived, the ICCTF has established one new office at CSTC-A in Kabul and is planning to open another one in Kandahar. SIGAR's partner agencies in the ICCTF have increased their personnel to staff these new offices. The ICCTF has also invited the U.S. Air Force Office of Special Investigations (OSI) to participate in the ICCTF.

The Investigations Directorate, which is responsible for the investigation of criminal and civilian misconduct in the reconstruction of Afghanistan, advises SIGAR on all matters relating to U.S. federal law and prosecution. Either through referral or through independent investigation, this directorate examines, develops and prepares civil and criminal cases for advancement to the U.S. Attorney General's office. The focus of investigations is on financial crimes, such as fraud and corruption in federal contracting, which are directly relevant to SIGAR's oversight mission. SIGAR coordinates its investigations with other U.S. and allied law enforcement agencies as necessary to avoid duplication of effort.

The Investigations Directorate's responsibilities include:

- Conducting all interviews relating to criminal or civil investigations
- Developing criminal and civil referrals
- Coordinating and supporting U.S. Attorney activities
- Assisting the U.S. Attorney as requested
- Supporting the Inspections and Audit Directorates as requested

INFORMATION MANAGEMENT

Quarterly Reports

SIGAR is required to submit published reports to the U.S. Congress and the Secretaries of Defense and State on a quarterly and semiannual basis. These reports provide updated information on SIGAR oversight and activities related to Afghanistan reconstruction.

SIGAR has identified a lack of integration and coordination as a major obstacle to the effective and efficient use of reconstruction resources. To help address this problem, SIGAR plans to provide an analysis of the reconstruction progress made and challenges faced in specific sectors in its Quarterly Report. This section, which will include surveys of the various projects underway within a sector, will be based on the work of SIGAR audits and inspections and draw on additional information provided by U.S. implementing agencies and international organizations working to rebuild Afghanistan.

SIGAR Website (www.sigar.mil)

SIGAR maintains a public website with regular updates on its oversight activities. The website provides a complete archive of all SIGAR reports and congressional testimony as well as audits and inspections. It also serves as a vehicle for reporting alleged waste, fraud, and abuse.

Audit and inspection reports will be posted on the website as they are published. Letters of inquiry, congressional testimony, and speeches by the Special Inspector General are also published on the website.

SIGAR CONCERNS

SIGAR Requests Information about U.S. Anti-Corruption Efforts

Part of SIGAR's oversight role is to raise issues of potential concern and to ask the reconstruction agencies what they are doing to address these issues. SIGAR has identified corruption in Afghanistan as one such area of concern. Moreover, Afghan government officials have on several occasions requested assistance from SIGAR for its anti-corruption efforts:

- In November 2008, the Minister of Interior, Mohamad Hanif Atmar, told SIGAR he would like to have 35 international auditors to work with Afghan accountability officials throughout the country to support anti-corruption efforts. The Minister made this request in the presence of U.S. Embassy representatives. In early April 2009 State Department officials contacted SIGAR to discuss the Interior Minister's request.
- In January 2009, SIGAR met with Afghanistan's Auditor General of the Control and Audit Office, Prof. Mohammad Sharif Sharifi, and described the audit standards that SIGAR follows. Compliance with these standards, established by the Comptroller General of the United States and commonly referred to as the "Yellow Book," enhances the credibility of findings, conclusions, and recommendations presented to decision-makers. SIGAR also discussed the internal control standards—known as the "Green Book"—which were also established by the Comptroller General. Prof. Sharifi indicated it would be helpful if these standards, or portions of these standards, were available in the Dari and Pashtu languages. GAO has informed SIGAR that these standards have been translated into Arabic, but not into Dari or Pashtu. SIGAR has raised this issue in a letter of inquiry to the U.S. Embassy in Kabul.
- In March 2009, President Karzai asked SIGAR for support in fighting corruption and suggested that SIGAR participate in the Afghan government's Anti-Corruption Council. SIGAR may observe, but as an independent oversight body, it cannot participate in the Council.

The Department of Defense reported in January 2009 that corruption corrodes the legitimacy of the Afghan government and undermines international reconstruction and development efforts. In his announcement of the new U.S. strategic plan, the President noted that the United States cannot "turn a blind eye to the corruption that causes Afghans to lose faith in their own leaders." He said the United States would "seek a new compact with the Afghan government that cracks down on corrupt behavior, and sets clear benchmarks for international assistance so that it is used to provide for the needs of the Afghan people."

In light of the growing concern over corruption in Afghanistan, SIGAR has sent a letter of inquiry to senior U.S. officials requesting information on:

- Current and planned programs to support the Afghan government's anti-corruption efforts
- Actions taken in response to Minister Atmar's repeated requests for 35 international auditors to be stationed throughout Afghanistan
- The priority that support for Afghan anti-corruption efforts has in the overall reconstruction strategy and with individual programs
- The agency or agencies that should take the lead in responding to Afghan requests for help in strengthening anti-corruption capabilities

Recognizing that strengthening the Afghan government's ability to institutionalize an anti-corruption effort is an integral part of the reconstruction strategy, SIGAR will conduct an audit to 1) evaluate the capacity of the Afghan government to fight corruption, and 2) determine what the United States and other donors have done to strengthen that capacity. The audit will also assess how the U.S. government has responded to the Afghan government's requests for assistance to combat corruption.

SIGAR Meets with CSTC-A about Weapons Accountability Issues

Pursuant to a GAO report that identified weaknesses in the accountability of weapons for the Afghan National Security Forces, SIGAR met with the Deputy Commanding General of CSTC-A and his logistics director to discuss the issue. According to the Deputy Commanding General, CSTC-A is working with the U.S. Army Security Assistance Command to establish a baseline of serial numbers for weapons shipped to CSTC-A. CSTC-A has also requested ten additional qualified security assistance officers to further address problems in tracking weapons procured for the ANSF. In addition, a SIGAR auditor accompanied a DoD IG audit team that is conducting a review of this issue.

SIGAR TESTIMONY

On March 25, 2009, the Inspector General along with SIGIR and GAO, testified before the House Armed Services Committee on “Effective Counterinsurgency: How the Use and Misuse of Reconstruction Funding Affects the War Effort in Iraq and Afghanistan.” During this testimony, the Inspector General highlighted the importance of:

- Coordinating the oversight of the reconstruction effort with the community of inspectors general and the Government Accountability Office (GAO) to ensure broad coverage
- Integrating the U.S., international, and Afghan efforts to meet the developmental, economic, security, and other needs of the Afghan people

SIGAR works with its counterparts from the Departments of Defense and State, USAID, the GAO, and other agencies to share plans and align audits, inspections, and anticipated investigations.

The SIGAR noted that some of the lessons learned in Iraq may be applied to Afghanistan. He said U.S. implementing agencies should examine these lessons to improve their practices as appropriate. He pointed out that one significant difference between Iraq and Afghanistan is the large international commitment to Afghanistan. He said there was a need for greater international coordination and cooperation to ensure that the U.S. and international assistance had the biggest possible impact on improving the lives of the Afghan people.

In response to congressional interest in how projects are benefitting women in Afghanistan, SIGAR will make a special effort to identify and review how programs affect gender issues.

SIGAR BUDGET

SIGAR requested \$23 million for its FY 2009 budget. The United States Congress appropriated \$2 million for fourth quarter FY 2008 and an additional \$5 million for FY 2009 from the Supplemental Appropriations for FY 2008. The Congress subsequently appropriated an additional \$9 million under the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009 for a total of \$16 million in appropriated funds.

The \$16 million will allow SIGAR to hire approximately 52 employees over the course of this fiscal year and fund support services, space, and logistical requirements. However, it falls short of the \$23.2 million originally requested in order to effectively implement the office’s mandated oversight activities.

Budget constraints limit SIGAR’s ability to hire the 90 staff required to conduct the detailed assessments, evaluations, and analysis necessary to effectively oversee the \$32 billion in humanitarian and reconstruction aid provided by the United States. On December 3, 2008, SIGAR formally submitted a request to the Office of Management and Budget for FY 2009 Supplemental funding in the amount of \$7.2 million in an effort to address the organization’s financial shortfall.

Appropriation	Public Law	Appropriated	Made Available	Expires	Amount
Supplemental Appropriations for Fiscal Year 2008, H.R.2642	P.L. 110-252	6/30/2008	6/30/2008	9/30/2009	\$2,000
Supplemental Appropriations for Fiscal Year 2008, H.R.2642	P.L. 110-252	6/30/2008	10/1/2008	9/30/2009	\$5,000
Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009	P.L. 110-329	9/30/2008	9/30/2008	9/30/2010	\$9,000
				TOTAL	\$16,000

Table 2-1– SIGAR Funding Summary (in \$ millions)

SIGAR OFFICES AND STAFF

Since its last Quarterly Report to Congress, SIGAR has made progress in establishing and staffing its offices in the United States and Afghanistan. The total number of federal personnel has increased from 14 to 32. In addition, SIGAR is currently employing ten contractors in support of back office functions such as preparing the quarterly report. These numbers do not include personnel detailed from SIGIR. The following chart provides a breakdown of SIGAR personnel by directorate at the end of the second quarter. SIGAR has identified an additional 20 candidates and expects them all to be hired by the end of the third quarter.

Directorate	Employees as of January 01, 2009	Employees as of March 31, 2009
Operations	5	6
Staff	8	11
Information Management	0	2
Audit	0	7
Inspections	1	4
Investigations	0	2
Total	14	32

Table 2-2 –SIGAR Employees

SIGAR Afghanistan Office

During the last quarter, SIGAR expanded its presence in Afghanistan. In addition to its base in the U.S. embassy in Kabul, SIGAR established satellite offices at CSTC-A, BAF, and KAF. These offices are located in strategic areas to help SIGAR achieve uninterrupted oversight of Afghanistan reconstruction efforts.

SIGAR MEETINGS IN AFGHANISTAN

The Special Inspector General for Afghanistan made two trips to Afghanistan during this reporting period. He met with key Afghan government officials, the senior leadership of the U.S. mission in Afghanistan, to explain SIGAR's oversight mission, which includes audits, inspections and investigations. SIGAR's discussions focused on reconstruction issues and the organization's of strategy for providing effective oversight. SIGAR met with the following people:

Afghan Officials:

- President of Afghanistan Hamid Karzai
- Minister of Defense
- Minister of the Interior
- Minister of Finance
- Minister of Agriculture
- Minister of Electricity
- Governor of Helmand Province
- Governor of Konar Province
- Deputy Governor of Panjshir Province
- Dean of the National Military Academy of Afghanistan
- Deputy Governor of Khowst Province

U.S. Government Agency Representatives:

- U.S. Ambassador
- Deputy Chief of Mission
- Commanding General, USFOR-A
- Deputy Commanding General, USFOR-A

- Chief Engineer, USFOR-A
- Military Advisor to U.S. Ambassador
- Combined Trainers Advisory Group (CTAG) & Military Academy
- USAID Mission Director
- USAID Mission Director of Programs and Project Development
- USAID Mission Controller
- District Commander, Afghanistan Engineering District
- Commander, Combined Security Transition Command –Afghanistan

Coalition Partners:

- The SIGAR also met with several coalition partners, including the British Commanding General, CTAG.

RECONSTRUCTION FUNDS SUMMARY



Reconstruction Funding Summary

U.S. Funding

U.S. Appropriated Funds By
Implementing Agency

Audit of Financial Data

Reconstruction Contracts in Afghanistan

International Assistance

RECONSTRUCTION FUNDING SUMMARY

The U.S. Congress has appropriated \$32.9 billion for the reconstruction of Afghanistan since FY 2001. Other nations and international organizations have pledged a total of about \$25.4 billion for the reconstruction of Afghanistan during the same period. Currently, the United States contribution accounts for about 60 percent of the \$58.3 billion in delivered and promised international aid to Afghanistan.

U.S. FUNDING

U.S. appropriations for the reconstruction of Afghanistan peaked in 2007. Although current 2009 numbers reflect a downward trend, funding is expected to increase if the 2009 supplemental budget request receives congressional approval.

U.S. Appropriations Including Supplemental Requests by Fiscal Year
FY 2001-FY 2009 (in \$ Millions)

FY & Public Law Numbers	Funds Appropriated
2001 - (P.L. 107-20)	\$193
2002 - (P.L. 107-17)	\$939
2003 - (P.L. 108-7, P.L. 108-11)	\$985
2004 - (P.L. 108-106)	\$2,462
2005 - (P.L.108-287, P.L. 109-13)	\$4,902
2006 - (P.L. 109-102, P.L. 109-148, P.L. 109-234)	\$3,534
2007 - (P.L. 109-289, P.L. 110-28, P.L. 110-92, P.L. 110-116, P.L. 110-137, P.L. 110-149)	\$10,043
2008 - (P.L. 110-161, P.L. 110-252)	\$5,804
2009 - (P.L. 110-161, P.L. 110-252)	\$4,073
Total	\$32,935

Table 3-1 – Information in chart provided by the March 2009 SIGAR data call

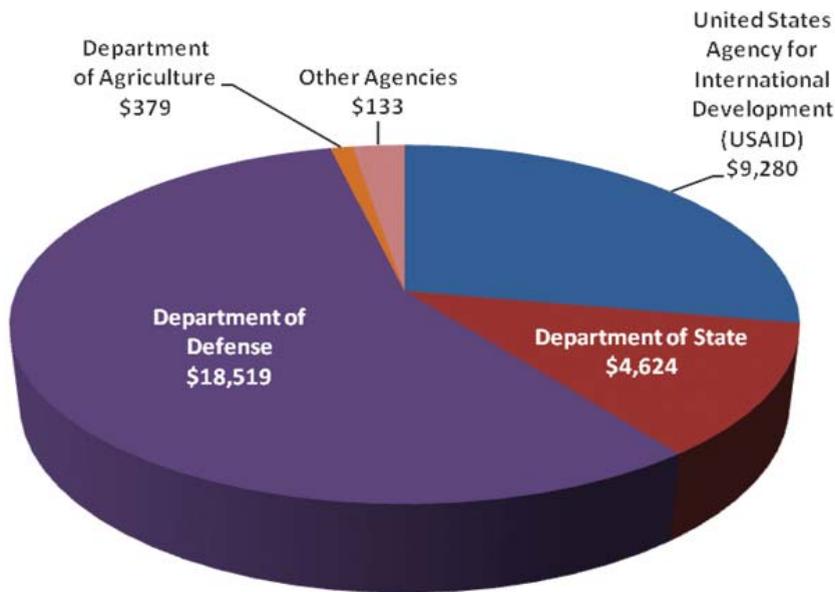
U.S. APPROPRIATED FUNDS BY IMPLEMENTING AGENCY

Three U.S. agencies—the Department of Defense (DoD), the U.S. Agency for International Development (USAID), and the Department of State—have been apportioned most of the U.S. funds appropriated for the reconstruction of Afghanistan. Together, DoD and USAID manage over \$27 billion. Other agencies, including the Departments of Agriculture, Justice, and the U.S. Treasury have also received funding. Since 2003, more than \$18.5 billion (roughly 56 percent) of U.S reconstruction dollars have been apportioned to DoD.

U.S. Appropriated Funds for Afghanistan

FY 2001- FY 2009

(in \$millions)



Total U.S. Commitment to Afghanistan: \$32,935

Figure 3-1– Information provided to SIGAR by DoD, USAID, State, USDA, and others in March/April 2009

U.S. Funds Apportioned to the Department of Defense

DoD received approximately \$3.4 billion in FY 2008 through P.L. 110-161 and P.L. 110-252 and another \$2.5 billion in FY 2009 through P.L. 110-161 and P.L. 110-252 for a total of \$5.9 billion in the last two years. Most of this money has gone into the Afghan Security Forces Fund (ASFF) and the Commander's Emergency Response Program (CERP).

U.S. Department of Defense FY 2001- FY 2009 (in \$millions)

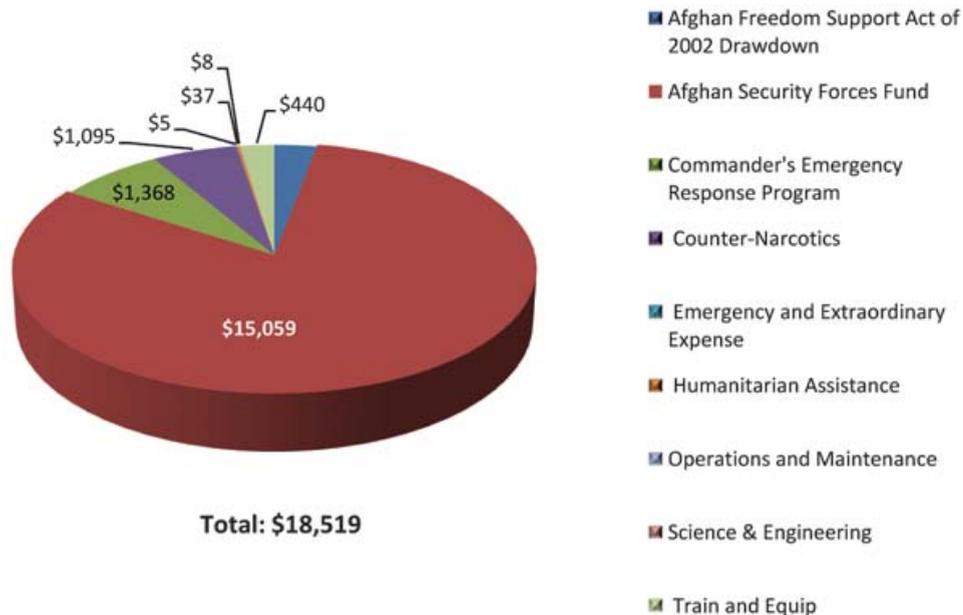


Figure 3-2 – Information provided to SIGAR by DoD in March/April 2009

Afghan Security Forces Fund

The ASFF has received more than \$15 billion, or about 80 percent of the \$18.5 billion apportioned to the DoD. The ASFF is used to build the Afghan National Army (ANA) and the Afghan National Police (ANP). In addition to providing training and equipment for these security forces, the reconstruction program has included infrastructure projects to build and upgrade army and police facilities.

DoD is currently using the ASFF to support activities of the Combined Security Transition Command-Afghanistan (CSTC-A), which is now responsible for the development of the Afghanistan National Security Forces (ANSF). CSTC-A is a joint service, coalition organization with military personnel from the United States, United Kingdom, Canada, Poland, Albania, Germany, France, and Romania, as well as contracted civilian advisors, mentors and trainers.^{xiii} Under the control of United States Central Command, CSTC-A receives funding through the Afghan Security Forces Fund (ASFF) to equip, train, and sustain the ANSF.^[i]

The objectives of the new U.S. strategy for Afghanistan are far more ambitious than the goals established in the Afghanistan Compact for both the ANA and the ANP. The Compact called for a 70,000-strong ANA and a 62,000-strong ANP by 2010. The new U.S. strategy calls for the ANA to be increased to 134,000 and the ANP to 82,000 over the next 2 years. The U.S. Government has committed approximately 4,000 additional troops to serve as trainers to the ANP and ANA.

The Commander's Emergency Response Program

CERP began in Iraq with funds recovered from Saddam Hussein's Baath Party in the spring of 2003. The U.S. military used these seized assets for emergency projects to deliver essential services to the Iraqi people. The President authorized the use of federal appropriations to fund CERP projects on November 6, 2003. Since then, the U.S. Congress has steadily increased funding for the program which is considered an important weapon in the fight against al Qaeda.

CERP was not created to replace or interfere with long-term recovery projects. According to the 2006 Defense Authorization Act (P.L.109-163), "Congress intends that military units not undertake development or infrastructure construction projects that are typically funded by the State Department and USAID." P.L.109-163 explicitly prohibits, among other things, the use of CERP funds for providing goods, services, or funds to national armies, national guard forces, border security forces, civil defense forces, infrastructure protection forces, highway patrol units, police, special police, or intelligence or other security forces. Further, the legislation stipulates that priority be given to projects that cost less than \$500,000.

Under CERP, battalion commanders may spend up to \$25,000 at their own discretion; task force commanders are permitted spend up to \$200,000 without prior approval. Approval authority for individual CERP projects of \$500,000 or more resides with the Commander of the CERP Program Manager in Theater, i.e., Commander, Combined Joint Task Force (CJTF) in Afghanistan.^{xiv} Projects requiring more than \$2 million of appropriated CERP funds must be approved by the Commander of U.S. Central Command.

According to the 2006 Defense Authorization Act, CERP may be used in the following areas: water and sanitation, food production and distribution, agriculture/irrigation (including canal clean-up), electricity, healthcare, education, telecommunications, economic, financial, and management improvements, transportation, rule of law and governance, civic cleanup activities, civic support vehicles, repair of civic and cultural facilities, battle damage/repair, condolence payments, hero payments, former detainee payments, protective measures, other urgent humanitarian or reconstruction projects, and temporary contract guards for critical infrastructure.

In 2006, under P.L.109-163, the ceiling for the entire CERP program was raised from \$180 million to \$500 million per fiscal year. Under P.L.110-181 Section 1205, the U.S. Congress reauthorized CERP for an additional 2 years in 2008 and increased the funding ceiling to \$977.4 million per fiscal year.

Since 2005, nearly a billion dollars of CERP appropriations have been used to fund small-scale, urgent, humanitarian relief and reconstruction projects in Afghanistan. The following chart, based on the information provided to SIGAR by the Department of Defense illustrates the use of CERP in Afghanistan.

CERP Obligations by Sector

Sector	2005	2006	2007	2008	2009	Totals
Agriculture*	\$1,218,855	\$2,045,156	\$1,830,475	\$22,880,722	\$4,115,992	\$32,091,200
Battle Damage	\$0	\$0	\$0	\$280,000	\$80,000	\$360,000
Civic Clean-up Activities	\$228,299	\$0	\$50,000	\$56,000	\$180,354	\$514,653
Civic Support Vehicles	\$7,554,801	\$2,941,398	\$3,695,962	\$587,000	\$212,000	\$14,991,161
Economic, Financial & Management Improvements	\$3,149,916	\$0	\$641,129	\$4,348,305	\$500,000	\$8,639,350
Education	\$15,095,563	\$8,757,083	\$23,289,892	\$50,313,860	\$2,813,165	\$100,269,563
Electricity	\$1,540,501	\$3,610,062	\$6,128,273	\$13,128,246	\$0	\$24,407,082
Food Production & Distribution	\$316,381	\$196,000		\$63,960	\$357,099	\$933,440
Healthcare	\$3,458,305	\$5,225,040	\$6,019,871	\$20,908,429	\$2,163,113	\$37,774,758
Irrigation *	\$252,619	\$3,567,698	\$5,874,240	\$0	\$0	\$9,694,557
Other Urgent Humanitarian or Reconstruction Projects	\$132,078	\$29,332,180	\$1,272,658	\$0	\$3,287,877	\$34,024,793
Protective Measures	\$0	\$0	\$244,408	\$2,261,801	\$376,489	\$2,882,698
Repair of Civic & Cultural Facilities	\$675,921	\$614,985	\$1,787,006	\$8,130,931	\$1,477,575	\$12,686,418
Repair of Damages Not Covered by the Foreign Claims Act	\$0	\$69,500	\$0	\$0	\$0	\$69,500
Rule of Law & Governance	\$8,467,011	\$6,536,118	\$9,924,432	\$11,991,835	\$116,214	\$37,035,610
Telecommunications	\$4,850,924	\$4,854,193	\$604,140	\$1,381,570	\$0	\$11,690,827
Transportation	\$50,231,240	\$144,286,777	\$105,186,473	\$268,567,104	\$76,451,265	\$644,722,859
Water & Sanitation	\$2,194,689	\$2,851,843	\$3,322,117	\$15,690,978	\$1,504,325	\$25,563,952
TOTALS	\$99,369,108	\$214,890,039	\$169,873,083	\$420,592,749	\$93,637,477	\$998,362,456

Table 3-2– Information provided to SIGAR by DoD in March/April 2009

U.S. Funds Apportioned to the Department of State

The State Department received \$378 million in FY 2008 and \$196 million in FY 2009 for Afghanistan Reconstruction for a total of \$3.9 billion since 2001. About half of this funding has gone into the State Department’s International Narcotics and Law Enforcement program. Roughly one-quarter has gone to Foreign Military Financing.

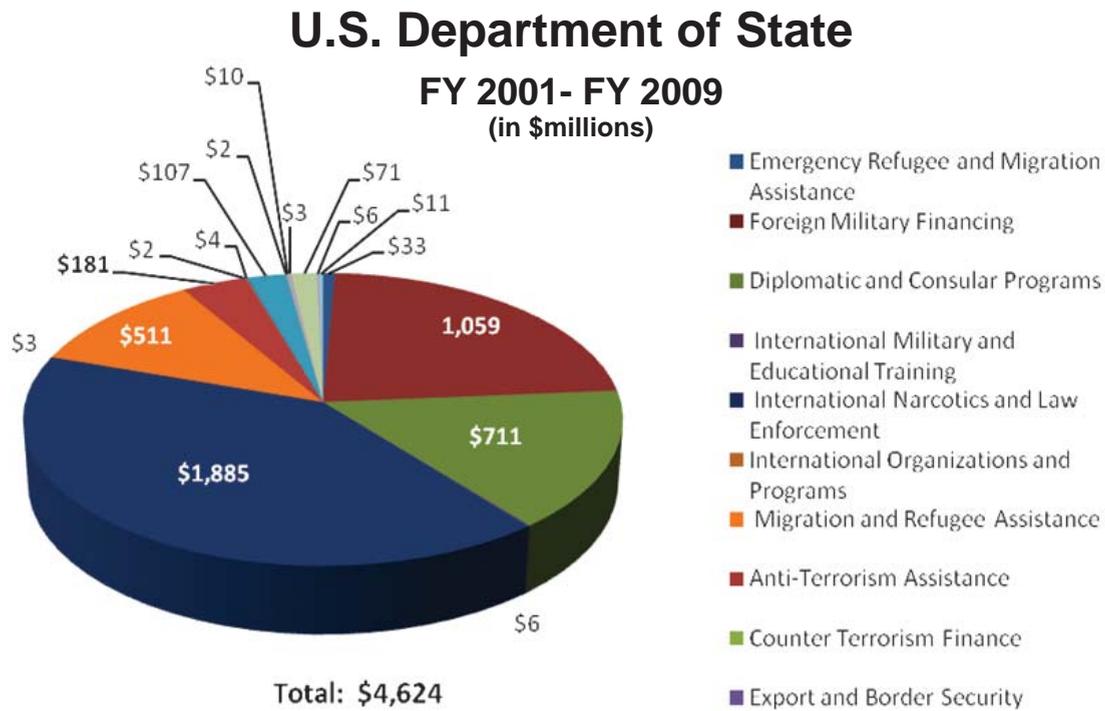


Figure 3-3– Information provided to SIGAR by State in March/April 2009

U.S. Funds Apportioned to USAID

USAID received approximately \$1.7 billion in FY 2008 and \$1.3 billion, of which \$545 million has been received, in FY 2009 for Afghanistan’s reconstruction for a total of more than \$9 billion since 2001. Nearly two-thirds of this funding has gone into USAID’s Economic Support Fund, which has paid for a wide variety of programs.

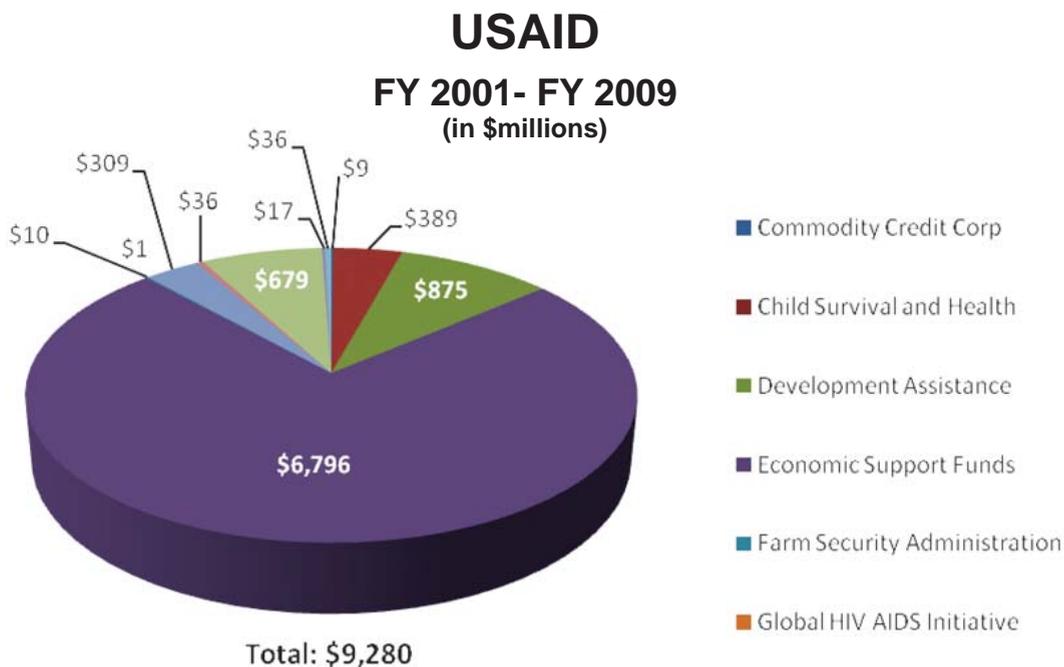


Figure 3-4– Information provided to SIGAR by USAID in March/April 2009

U.S. Funds Apportioned to the Department of Agriculture

The Department of Agriculture received \$21 million in FY 2008 and \$12 million in FY 2009 for a total of more than \$379 million since 2001. Agriculture is crucial to the future development of Afghanistan. Traditionally, over 50 percent of Afghanistan's Gross Domestic Product (GDP) and nearly 80 percent of its exports have come from agriculture. In 2008, agricultural products made up 38 percent of the GDP.^{xv} Nearly 80 percent of Afghanistan's estimated 31 million (June 2006) citizens remain dependent on agriculture for their livelihood.^{xvi} U.S. funding through the Department of Agriculture has gone primarily into food aid, technical training, and a variety of programs to help Afghan farmers cultivate marketable crops other than poppies.

U.S. Department of Agriculture

FY 2001- FY 2009
(in \$millions)

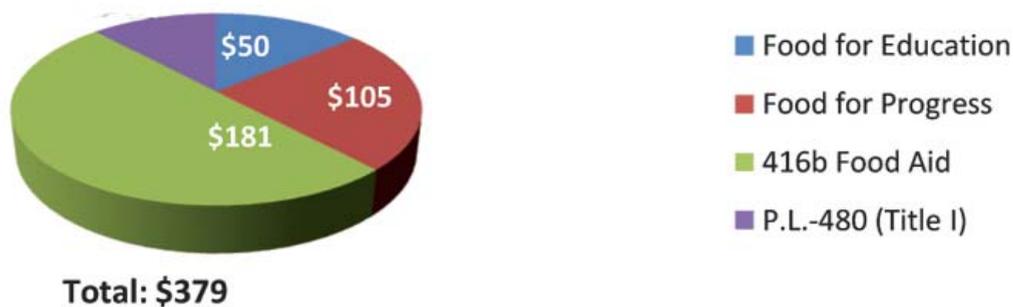


Figure 3-5-- Information provided to SIGAR by USDA in March/April 2009

U.S. Funds Apportioned to Other Agencies

The Department of Justice was the only other agency apportioned funding for reconstruction in Afghanistan in FY 2008 and FY 2009. DOJ’s Drug Enforcement Agency received \$41 million in FY 2008 and \$19 million in FY 2009 for its anti-drug campaign.

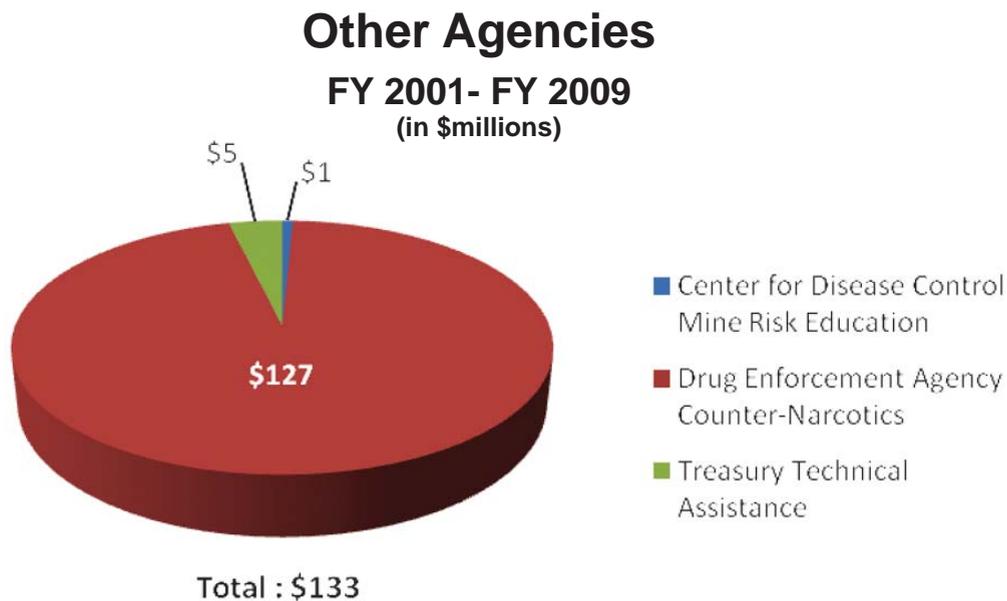


Figure 3-6– Information provided to SIGAR by HHS, DoJ, and DoT in March/April 2009

AUDIT OF FINANCIAL DATA

SIGAR is planning to conduct an audit to identify and track the allocations, obligations, and expenditures of all U.S. funds used for Afghanistan's reconstruction. As a result of this audit, SIGAR will be able to provide detailed, reliable information on the use of U.S. funds by fiscal year, as well as by agency account and reconstruction sector or program. This audit will enable SIGAR to quickly identify reliable information on the amount of U.S. funds spent on specific programs, such as on CERP. In addition, SIGAR will be able to ascertain the total amount of funds obligated and spent by multiple U.S. agencies for specific development sectors, including electricity, education, health, and security. The chart below does not include unexpended funds. SIGAR recognizes that there are a multitude of reasons for the existence of unexpended funds. Analysis of these funds will be provided in future reports.

	DoD	State Dept	USAID	USDA	Treasury Dept	Others	Totals
FY 2006 Apportionment	\$2,248	\$306	\$800	\$57	\$0	\$136	\$3,547
FY 2006 Obligations	\$2,248	\$73	\$774	\$48	\$0	\$21	\$3,165
FY 2006 Disbursements	\$2,076	\$76	\$672	\$48	\$0	\$21	\$2,893
FY 2007 Apportionment	\$7,903	\$345	\$1,574	\$20	\$1	\$200	\$10,043
FY 2007 Obligations	\$7,903	\$84	\$1,459	\$9	\$0	\$21	\$9,477
FY 2007 Disbursements	\$7,762	\$76	\$970	\$9	\$0	\$14	\$8,832
FY 2008 Apportionment	\$3,426	\$378	\$1,835	\$21	\$0	\$144	\$5,804
FY 2008 Obligations	\$2,955	\$72	\$1,116	\$21	\$0	\$23	\$4,186
FY 2008 Disbursements	\$2,611	\$58	\$536	\$21	\$0	\$15	\$3,240
FY 2009 Apportionment	\$2,456	\$196	\$1,301	\$21	\$0	\$108	\$4,073
FY 2009 Obligations	\$179	\$66	\$74	\$12	\$0	\$3	\$334
FY 2009 Disbursements	\$14	\$1	\$70	\$0	\$0	\$1	\$86

Table 3-3 **Apportioned, Obligated and Disbursed Funds by Agency (in \$ millions)**– Information in chart provided by the March 2009 SIGAR data call

RECONSTRUCTION CONTRACTS IN AFGHANISTAN

According to the data provided by Departments of Defense and State, and the U.S. Agency for International Development, approximately \$13.6 billion has been obligated as of January 2009 for about 950 reconstruction contracts in Afghanistan. SIGAR will be examining this data more closely to develop a plan to conduct a series of audits of these contracts starting later this year.

Agency	Number of Contracts	Amount Obligated*
Department of Defense	813	\$2.7
Department of State	3	\$5.1
USAID	134	\$5.8
Totals	950	\$13.6

Table 3-4 [Afghanistan Reconstruction Contracts, by Agency \(in \\$ billions\)^{xvii}](#)

*For our purposes we have used the term obligated to represent the award or value amount of the contracts identified by the agencies. Contracts provided by USAID are valued at \$100,000 or more.

INTERNATIONAL ASSISTANCE

The international community, other than the United States, has pledged approximately \$25 billion for the reconstruction of Afghanistan since 2002. To date, over 70 countries (including the United States and 19 other members of NATO), the UN, the World Bank, the International Monetary Fund (IMF), and other international organizations have pledged a total of \$58.3 billion in economic assistance for Afghanistan.

International Assistance January 2002 - March 2011

Pledges received from 39 nations, the United Nations, and the IMF and World Bank

Donor	Pledged
USA**	\$32,953
NATO,	\$10,500
Others	\$14,794
Total US, NATO and Others	\$58,247

Table 3-5 [International Assistance \(in \\$ millions\)](#)

Information in chart provided by the March 2009 SIGAR data call^{xviii}

The Joint Coordination and Monitoring Board (JCMB)

Improved cooperation and coordination are necessary to take full advantage of all the funds provided to Afghanistan. The Afghanistan government and the international community established the JCMB in 2006 to coordinate and oversee the implementation of the Afghanistan Compact. The Senior Economic Advisor to the President of Afghanistan and the UN Special Representative of the Secretary General serve as co-chairs of the JCMB, which is constituted for a period of five years from April 2006-March 2011. The 28 members on the board include 7 representatives of the GIRoA and 21 representatives of the international community. The JCMB has established a secretariat and is currently conducting a strategic review to support the integrations of the ANDS with the Afghanistan Compact objectives. SIGAR plans to meet with members of the JCMB during the next quarter to discuss what it is going to do to enhance international coordination, ensure that international funds are optimized for the development of Afghanistan, and reduce the risks of waste, fraud and abuse. The discussions will lead to audits to evaluate the coordination of development assistance to Afghanistan.

RECONSTRUCTION OVERSIGHT SUMMARY



Introduction

**Oversight Reports Completed
since January 30, 2009**

SIGAR Hard Lessons

Planned Oversight Reports

INTRODUCTION

SIGAR’s 2nd Quarterly Report to Congress provided a summary of the reports issued by the Inspectors General for Departments of Defense and State, for USAID, and by the GAO since 2003. During this reporting period, GAO released four reports. The Special Inspector General for Iraq Reconstruction (SIGIR) presented its lessons learned capping report—*Hard Lessons: The Iraq Reconstruction Experience*—to the U.S. Congress and SIGAR is considering its applicability to the reconstruction effort in Afghanistan. The Inspectors General for the Departments of State and Defense, for USAID, and GAO are currently working on several audits relating to reconstruction in Afghanistan.

OVERSIGHT REPORTS COMPLETED SINCE JANUARY 30, 2009

GAO has issued two reports and a congressional testimony concerning reconstruction programs in Afghanistan. GAO issued a fourth report, “Afghanistan: Key Issues for Congressional Oversight,” on April 21, just as the SIGAR Quarterly Report to Congress was going to press.

AGENCY	TITLE	DATE	REPORT NUMBER
GAO	<u>Afghanistan Security: Lack of Systematic Tracking Raises Significant Accountability Concerns about Weapons Provided to Afghan National Security Forces</u>	January 2009	GAO-09-267
GAO	<u>U.S. Programs to Further Reform Ministry of Interior and National Police Challenged by Lack of Military Personnel and Afghan Cooperation</u>	March 2009	GAO-09-280
GAO	<u>Iraq and Afghanistan: Security, Economic, and Governance Challenges to Rebuilding Efforts Should Be Addressed in U.S. Strategies</u>	March 2009	GAO-09-476T
GAO	<u>Afghanistan: Key Issues for Congressional Oversight</u>	April 2009	GAO-09-473SP

Table 4-1 Completed GAO Oversight Reports

Afghanistan Security: Lack of Systemic Tracking Raises Significant Accountability Concerns about Weapons Provided to Afghan National Security Forces

GAO conducted this review to determine whether the Department of Defense (DoD) could account for weapons provided by the international community to the Afghan National Security Forces (ANSF) and ensure that the ANSF could also safeguard and account these weapons.

The Department of Defense, through its Combined Security Transition Command-Afghanistan (CSTC-A) and with the Department of State, directs the international effort to train and equip the ANSF. In support of this mission, the U.S. Army Security Assistance Command (USASAC) spent approximately \$120 million to procure small arms and light weapons for the ANSF. International donors also provided weapons for the ANSF.

The GAO found that DoD had not established clear guidance for U.S. personnel to follow when obtaining, transporting, and storing weapons for the ANSF. As a result, the GAO report concluded that DoD could not completely account for all ANSF weapons under U.S. control. GAO estimated that USASAC and CSTC-A did not maintain complete records for about 87,000—or 36 percent—of the 242,000 weapons procured by the United States and shipped to Afghanistan. According to the GAO, USASAC and CSTC-A could not provide serial numbers for about 46,000 of these weapons. CSTC-A did not maintain records on the location or disposition of an estimated 41,000 weapons with recorded serial numbers. Nor did CSTC-A have reliable records, including serial numbers, for about 135,000 weapons obtained for the ANSF from 21 other nations between June 2002 and June 2008. GAO found that accountability lapses that occurred throughout the supply chain were due to a lack of clear direction and staffing shortages.

The GAO concluded that ANSF units could not fully safeguard and account for these weapons despite the CSTC-A training efforts. Consequently, the GAO said there is a serious risk that weapons provided by the CSTC-A could be stolen or lost.

The GAO recommended that the Secretary of Defense:

- Establish clear accountability procedures, including serial number tracking and routine physical inventories, for weapons in U.S. control and custody
- Direct CSTC-A to assess and verify each ANSF unit's capacity to safeguard and account for weapons
- Provide adequate resources to CSTC-A to train, mentor, and assess ANSF in equipment accountability matters

DoD concurred with the GAO's recommendations, but did not state when the shortcomings identified in the report would be addressed.

Afghanistan Security: U.S. Programs to Further Reform Ministry of Interior and National Police Challenged by Lack of Military Personnel and Afghan Cooperation

The United States has invested more than \$6.2 billion to assist the Afghan Ministry of Interior (MOI) and the Afghan National Police (ANP). In this report GAO reviewed the status of U.S. efforts to help Afghanistan restructure its MOI, retrain ANP units, screen MOI and ANP personnel, and enhance MOI and ANP pay systems. The purpose of these reforms is to ensure that the MOI and ANP have professional staff who can manage a national police force. CSTC-A and DoS lead U.S. efforts to enhance MOI and ANP organizational structures, leadership abilities, and pay systems.

The GAO found that the U.S. agencies have achieved their goals of restructuring the MOI and ANP, modifying police wages, and planning a reorganization of MOI headquarters. The MOI has cut its officer corps from 17,800 to about 9,000, reduced the percentage of high-ranking officers, and increased pay for all ranks. The MOI, with U.S. support, is also planning to reorganize its headquarters.

According to GAO, CSTC-A has begun retraining ANP units through its Focused District Development (FDD) program. This program is intended to address corruption at the district level. DoD status reports indicate that the FDD program is producing promising results. DoD reported that 19 percent of the units retrained by this program are now capable of conducting missions, 25 percent are capable of doing so with outside support, 31 percent are capable of partially doing so with outside support, and 25 percent are not capable. CSTC-A would like to extend the FDD and similar programs across Afghanistan by 2010, but it is hampered by a shortage of military personnel. DoD reported that it needed an additional 1,500 military personnel to expand the police development programs.

GAO found that while both MOI and ANP officers have been screened by DoD and DoS, the extent of the screening is unclear because DoS did not systematically compile records of its efforts. Intended to improve the professionalism and integrity of the officer corps, the screening effort included testing conducted by CSTC-A, and background checks performed by DoS. CSTC-A reported that at least 9,797—or 55 percent—of the 17,800 officers who took the test passed. DoS could not provide GAO with statistical results of the background checks because it did not systematically compile its records.

The U.S.-backed effort to reform the pay system is intended to validate MOI and ANP personnel rosters and ensure the reliable distribution of wages. GAO found that despite progress in both areas, these efforts continue to face challenges because of limited ANP cooperation and a shortage of banks. U.S. contractors have validated almost 47,400 MOI and ANP personnel. However, due to a lack of cooperation from some ANP commanders, these contractors have been unable to validate about 29,400 personnel, who have been paid in part by \$230 million in U.S. contributions to a UN trust fund.

The GAO found that 97 percent of all reported MOI and ANP personnel were enrolled in an electronic payroll system, and 58 percent had signed up to have their salaries deposited directly into their bank accounts. However, about 40 percent of ANP personnel lack easy access to banks.

The GAO recommended that the Secretaries of Defense and State do the following:

- Provide dedicated personnel to support the creation of additional police mentor teams to expand and complete the FDD program
- Consider provisioning U.S. contributions for police wages to reflect the extent to which U.S. agencies have validated MOI and ANP personnel

DoD concurred with the first recommendation and DoS said it was prepared to recruit additional personnel. DoS concurred with the second recommendation but DoD said it would unduly penalize MOI. GAO maintains that this recommendation could encourage the ANP to cooperate more fully and also help ensure that only legitimate personnel receive U.S. subsidized wages.

SIGIR HARD LESSONS

On February 02, 2008 the Special Inspector General for Iraq Reconstruction (SIGIR) presented its lessons learned capping report—*Hard Lessons: The Iraq Reconstruction Experience*—to Congress. The report identified the following 13 “hard lessons” learned from the U.S. effort to rebuild Iraq:

1. Security is necessary for large-scale reconstruction to succeed.
2. Developing the capacity of people and systems is as important as bricks and mortar reconstruction.
3. Soft programs serve as an important complement to military operations in insecure environments.
4. Programs should be geared to indigenous priorities and needs.
5. Reconstruction is an extension of political strategy.
6. Executive authority below the President is necessary to ensure the effectiveness of contingency relief and reconstruction operations.
7. Uninterrupted oversight is essential to ensuring taxpayers values in contingency operations.
8. An integrated management structure is necessary to ensure effective inter-agency reconstruction efforts.
9. Outsourcing management to contractors should be limited because it complicates lines of authority in contingency reconstruction operations.
10. The U.S. Government should develop new wartime contracting rules that allow for greater flexibility.
11. The U.S. Government needs a new human-resource management system capable of meeting the demands of a large scale contingency relief and reconstruction operations.
12. The U.S. Government must strengthen its capacity to manage the contractors that carry out reconstruction work in contingency relief and reconstruction operations.
13. Diplomatic, development, and area expertise must be expanded to ensure a sufficient supply of qualified civilian personnel in contingency reconstruction.

As part of its data request issued in February 2009, SIGAR has asked implementing agencies to consider if these lessons were applicable to the reconstruction effort in Afghanistan. The agencies responded that the most important lesson was that uninterrupted oversight is essential to ensure that taxpayer dollars are spent as intended in contingency operations.

PLANNED OVERSIGHT AUDITS

AGENCY	AUDIT TITLE	DATE INITIATED
State OIG	Review of Xe (formerly known as Blackwater) WPPS in Afghanistan	February 2009
State OIG	DS Management of WPPS in Afghanistan	February 2009
State OIG	Effectiveness of Counter Narcotics Programs in Afghanistan	February 2009

Table 4-2 Department of State Office of Inspector General, On-Going Audits

AGENCY	AUDIT TITLE	DATE INITIATED
DoD IG	Contract Administration of the Prime Vendor Program for Subsistence in Support of Operation Enduring Freedom	February 2009
DoD IG	Joint Contracting Command Iraq/Afghanistan Transition to the Standard Procurement System-Contingency	January 2009
DoD IG	Management and Accountability of Property Purchased at Regional Contracting Centers in Afghanistan	September 2008
DoD IG	Contracts Supporting the DoD Counter Narcoterrorism Program	July 2008
DoD IG	Selection of Modes for Transporting Materiel in Support of Operations in Iraq and Afghanistan	July 2008
DoD IG	Afghanistan Security Forces Fund – Phase III	December 2007
DoD IG	Funds Appropriated for Afghanistan and Iraq Processed through the Foreign Military Trust Fund	June 2007
DoD IG	Operations and Maintenance Funds Used for Global War on Terror Military Construction Contracts	June 2007
DoD IG	Assessment of the Accountability and Control of Arms, Ammunition, and Explosives (AA&E) Provided to the Security Forces of Afghanistan	February 2009
DoD IG	Assessment of U.S. and Coalition Plans to Train, Equip, and Field the Expanded Afghan National Army	February 2009
DoD IG	Assessment of the U.S. and Coalition Efforts to Develop the Medical Sustainment Capability of the Afghan national Security Forces	December 2008

Table 4-3 Department of Defense Inspector General, On-Going Audits

AGENCY	AUDIT TITLE	DATE INITIATED
GAO	Contracting in Iraq and Afghanistan	November 2008
GAO	Iraq / Afghanistan Contractor Oversight	February 2009

Table 4-4 Government Accountability Office (GAO), On-Going Audits

APPENDICES



Cross-Reference to Reporting Requirements

U.S. Government Appropriated Funds

Planned Audits

Planned Inspections

Hotline Posters

Acronyms

Endnotes

APPENDIX A: CROSS-REFERENCE TO REPORTING REQUIREMENTS

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

Section	SIGAR Enabling Language	SIGAR Action	Page Number
Supervision			
Section 1229(e)(1)	The Inspector General shall report directly to, and be under the general supervision of, the Secretary of State and the Secretary of Defense.	Report to the Secretary of State and the Secretary of Defense.	• All
Duties			
Section 1229(f)(1)	It shall be the duty of the Inspector General to conduct, supervise, and coordinate audits and investigations of the treatment, handling, and expenditure of amounts appropriated or otherwise made available for the reconstruction of Afghanistan and of the programs, operations, and contracts carried out utilizing such funds, including—	Review appropriated/ available funds Review programs, operations, contracts using appropriated /donated funds	• Pg 10-32 • Appendices C & D
Section 1229(f)(1)(A)	The oversight and accounting of the obligation and expenditure of such funds;	Review obligations and expenditures of appropriated/donated funds.	• Pg 34-46 • Appendix B
Section 1229(f)(1)(B)	The monitoring and review of reconstruction activities funded by such funds;	Review reconstruction activities funded by appropriations and donations	• Pg 34-46 • Appendix B
Section 1229(f)(1)(C)	The monitoring and review of contracts funded by such funds;	Review contracts using appropriated & donated funds.	• Note 1 (website)
Section 1229(f)(1)(D)	The monitoring and review of the transfer of such funds and associated information between and among departments, agencies, and entities of the United States, and private and nongovernmental entities;	Review internal and external transfers of appropriated /donated funds.	• Pg 34-46 • Appendix B
Section 1229(f)(1)(E)	The maintenance of records on the use of such funds to facilitate future audits and investigations of the use of such funds	Maintain audit records.	• Appendix B
Section 1229(f)(1)(F)	The monitoring and review of effectiveness of USG coordination with Gov'ts of Afghanistan & of other donor countries regarding implementation of the Afghanistan Compact and the Afghanistan Nat'l Development Strategy;	Monitoring and review as described	• In process
Section 1229(f)(1)(G)	The investigation of overpayments . . . and potential unethical or illegal actions of USG employees, contractors, or affiliated entities, and the referral of reports, as necessary, to DoJ . . .	Conduct and reporting of investigations as described	• No such investigations concluded or reported to DoJ
Section 1229(f)(2)	The Inspector General shall establish, maintain, and oversee such systems, procedures, and controls as the Inspector General considers appropriate to discharge the duty.	Establish, maintain, and oversee systems, procedures, and controls	• All
Section 1229(f)(3)	In addition, the Inspector General shall also have the duties and responsibilities of inspectors general under the Inspector General Act of 1978	Duties as specified in IG Act	• All
Section 1229(f)(4)	(NOTE: The statutory requirements of this subsection are uniquely applicable to SIGAR relative to the requirements applicable more generally to IGs under the IG Act of 1978, as amended)	The Inspector General shall coordinate with, and receive the cooperation of, each of the following: The Inspector General of the Department of State, The Inspector General of the Department of Defense, and The Inspector General of the United States Agency for International Development. Coordination with IGs of State, DoD, & USAID.	• Section IV • Pg 48-53

Table A-1 Cross-Reference to SIGAR Quarterly Reporting Requirements under P. L. No. 110-181, § 1229

Section	SIGAR Enabling Language	SIGAR Action	Page Number
Section 1229(h)(5)(A)	Upon request of the Inspector General for information or assistance from any department, agency, or other entity of the Federal Government, the head of such entity shall, insofar as is practicable and not in contravention of any existing law, furnish such information or assistance to the Inspector General, or an authorized designee.	Expect support as requested.	• All
Reports			
Section 1229(i)(1)	Not later than 30 days after the end of each fiscal-year quarter, the Inspector General shall submit to the appropriate committees of Congress a report summarizing for the period of that quarter and, to the extent possible, the period from the end of such quarter to the time of the submission of the report, the activities of the Inspector General and the activities under programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. Each report shall include, for the period covered by such report, a detailed statement of all obligations, expenditures, and revenues associated with reconstruction and rehabilitation activities in Afghanistan, including the following –	Report – 30 days after the end of each calendar quarter. Summarize activities of IG. Detailed statement of all obligations, expenditures, and revenues.	• All • Appendix B
Section 1229(i)(1)(A)	Obligations and expenditures of appropriated/donated funds.	Obligations and expenditures of appropriated/donated funds.	• Pg 34-46 • Appendix B
Section 1229(i)(1)(B)	A project-by-project and program-by-program accounting of the costs incurred to date for the reconstruction of Afghanistan, together with the estimate of the Department of Defense, the Department of State, and the United States Agency for International Development, as applicable, of the costs to complete each project and each program.	Project-by-project and program-by-program accounting of costs. List unexpended funds for each project or program.	• Pg 34-46 • Appendix B
Section 1229(i)(1)(C)	Revenues attributable to or consisting of funds provided by foreign nations or international organizations, and any obligations or expenditures of such revenues to programs and projects funded by any U.S government department or agency.	Revenues, obligations, and expenditures of donor funds.	• Pg 45
Section 1229(i)(1)(D)	Revenues attributable to or consisting of foreign assets seized or frozen that contribute to programs and projects funded by any U.S. government department or agency, and any obligations or expenditures of such revenues.	Revenues, obligations, and expenditures of funds from seized or frozen assets	• In process
Section 1229(i)(1)(E)	Operating expenses of agencies or entities receiving amounts appropriated or otherwise made available for the reconstruction of Afghanistan.	Operating expenses of agencies or any organization receiving appropriated funds	• Pg 34-46 • Appendix B
Section 1229(i)(1)(F)	In the case of any contract, grant, agreement, or other funding mechanism described in paragraph (2): • The amount of the contract or other funding mechanism. • A brief discussion of the scope of the contract or other funding mechanism. • A discussion of how the contracting department or gency identified, and solicited offers from potential contractors to perform the contract, together with the list of the potential contractors that were issued solicitations for the offers. • The justification and approval documents on which was based the determination to use procedures other than procedures that provide for full and open competition.	Describes contract details	• In process
Section 1229(i)(3)	The Inspector General shall publish each report on a publically available Internet website each report under paragraph (1) of this subsection in English and other languages the Inspector General determines are widely used and understood in Afghanistan.	Publish report as directed.	• www.sigar.mil • Dari and Pashtu in process
Section 1229(i)(4)	Each report under this subsection shall be submitted in an unclassified format. Unclassified if General considers it necessary.	Publish report as directed	• In process

Table A-1 (continued) Cross-Reference to SIGAR Quarterly Reporting Requirements under P. L. No. 110-181, § 1229

Section	Statute (Inspector General Act of 1978)	SIGAR Action	Page # (or Reference)
Section 5(a)(1)	"Description of significant problems, abuses, and deficiencies..."	<ul style="list-style-type: none"> Extract pertinent information from SWA/JPG member reports List problems, abuses, and deficiencies from SIGAR audit reports, investigations, and inspections 	<ul style="list-style-type: none"> Section IV See letters of Inquiry at www.sigar.mil
Section 5(a)(2)	"Description of recommendations for corrective action...with respect to significant problems, abuses, or deficiencies..."	<ul style="list-style-type: none"> Extract pertinent information from SWA/JPG member I reports List recommendations from SIGAR audit reports 	<ul style="list-style-type: none"> Section IV See letters of inquiry at www.sigar.mil
Section 5(a)(3)	"Identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed..."	<ul style="list-style-type: none"> List all instances of incomplete corrective action from previous semiannual reports 	<ul style="list-style-type: none"> In process
Section 5(a)(4)	"A summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted..."	<ul style="list-style-type: none"> Extract pertinent information from SWA/JPG member reports List SIGAR Investigations that have been referred. 	<ul style="list-style-type: none"> Section IV Pg 48-53
Section 5(a)(5)	"A summary of each report made to the [Secretary of Defense] under section 6(b)(2)... " (instances where information requested was refused or not provided)	<ul style="list-style-type: none"> Extract pertinent information from SWA/JPG member reports. List instances in which information was refused SIGAR auditors, investigators, or inspectors 	<ul style="list-style-type: none"> Section IV Pg 48-53
Section 5(a)(6)	"A listing, subdivided according to subject matter, of each audit report, inspection report and evaluation report issued..." showing dollar value of questioned costs and recommendations that funds be put to better use.	<ul style="list-style-type: none"> Extract pertinent information from SWA/JPG member reports List SIGAR reports 	<ul style="list-style-type: none"> Section IV No reports finalized during reporting period; for reports in progress see www.sigar.mil
Section 5(a)(7)	"A summary of each particularly significant report.. "	<ul style="list-style-type: none"> Extract pertinent information from SWA/JPG member reports Provide a synopsis of the significant SIGAR reports. 	<ul style="list-style-type: none"> Section IV A full list of significant reports can be found at: www.sigar.mil
Section 5(a)(8)	"Statistical tables showing the total number of audit reports and the total dollar value of questioned costs..."	<ul style="list-style-type: none"> Extract pertinent information from SWA/JPG member reports Develop statistical tables showing dollar value of questioned cost from SIGAR reports 	<ul style="list-style-type: none"> See reports of SWA/JPG members In Process
Section 5(a)(9)	"Statistical tables showing the total number of audit reports, inspection reports, and evaluation reports and the dollar value of recommendations that funds be put to better use by management..."	<ul style="list-style-type: none"> Extract pertinent information from SWA/JPG member reports Develop statistical tables showing dollar value of funds put to better use by management from SIGAR reports 	<ul style="list-style-type: none"> See reports of SWA/JPG members In Process
Section 5(a)(10)	"A summary of each audit report, inspection report, and evaluation report issued before the commencement of the reporting period for which no management decision has been made by the end of reporting period, an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision..."	<ul style="list-style-type: none"> Extract pertinent information from SWA/JPG member reports Provide a synopsis of SIGAR audit reports in which recommendations by SIGAR are still open 	<ul style="list-style-type: none"> See reports of SWA/JPG members None
Section 5(a)(11)	"A description and explanation of the reasons for any significant revised management decision..."	<ul style="list-style-type: none"> Extract pertinent information from SWA/JPG member reports Explain SIGAR audit reports in which significant revisions have been made to management decisions 	<ul style="list-style-type: none"> See reports of SWA/JPG members None
Section 5(a)(12)	"Information concerning any significant management decision with which the Inspector General is in disagreement..."	<ul style="list-style-type: none"> Extract pertinent information from SWA/JPG member reports Explain SIGAR audit reports in which SIGAR disagreed with management decision. 	<ul style="list-style-type: none"> See reports of SWA/JPG members No disputed decisions during the reporting period
Section 5(a)(13)	"Information described under Section 804 [sic] of the Federal Financial Management Improvement Act of 1996..." (instances and reasons when an agency has not met target dates established in a remediation plan)	<ul style="list-style-type: none"> Extract pertinent information from SWA/JPG member reports Provide information where management has not met targets from a remediation plan. 	<ul style="list-style-type: none"> See reports of SWA/JPG members No disputed decisions during the reporting period

Table A-2 Cross-Reference to Semiannual Reporting Requirements for IGs more generally under section 5 of the IG Act of 1978, as amended (5 U.S.C. App. 3)

APPENDIX B: U.S. GOVERNMENT APPROPRIATED FUNDS

This annex provides quick reference to the appropriated funds that support this quarter's report. These charts summarize the Afghanistan reconstruction budget and execution information developed by various government agencies. This annex reviews all execution information provided by the agencies by program objective, accounts, and the years in which the activity of each account took place.

Table 1 presents U.S. funds appropriated by year to Afghanistan reconstruction efforts as they support the fundamental objectives of the Foreign Assistance Framework. Each major activity is listed by its funding program and its corresponding program objective. Data for these charts was provided by the Afghanistan Interagency Bi-monthly Fund Status Review Group.^{xix}

Program Objectives	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Supp Actual	FY 2008 Supp Actual	FY 2009 Bridge Supp Actual	Program Objective Totals
Peace and Security	\$0	\$12	\$176	\$404	\$1,892	\$2,248	\$7,903	\$3,425	\$2,456	\$18,519
Governing Justly and Democratically	\$46	\$376	\$321	\$833	\$1,338	\$418	\$524	\$482	\$285	\$4,624
Investing in People and Economic Growth	\$42	\$501	\$456	\$1,181	\$1,604	\$786	\$1,574	\$1,835	\$1,301	\$9,280
Humanitarian Assistance	\$104	\$48	\$28	\$39	\$50	\$57	\$20	\$21	\$12	\$379
Program Support All	\$0	\$5	\$5	\$18	\$24	\$20	\$201	\$41	\$19	\$133
Annual Totals	\$192	\$939	\$985	\$2,462	\$4,902	\$3,534	\$10,043	\$5,804	\$4,073	\$32,935

Table B-1 **Total Funds Appropriated Per Year by Program Objective (\$ millions)**—
Information in chart provided by the March 2009 SIGAR data call

Table 2 displays fund allocations from the Office of Management and Budget to each agency in support of Afghanistan reconstruction by fiscal year.

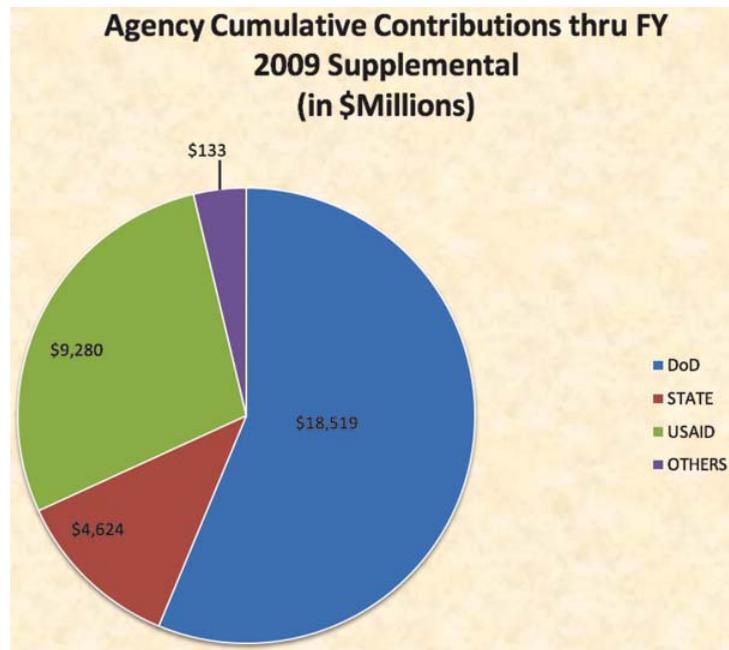


Figure B-1 Percentage of Appropriated Spending By Major Agency— Information in chart provided by the March 2009 SIGAR data call

The following table outlines funding allocations made by each agency to appropriate funds to specific accounts. SIGAR uses this data to track and report major changes to the funding streams currently established to support Afghanistan Reconstruction efforts. It includes every 1st level sub-allocation account used in the Afghanistan reconstruction effort since 2001.

Table B-2

Annual Funding Program Update by Agency Accounts—
Information in chart provided by the March 2009 SIGAR data call

ACCOUNTS (\$ IN MILLIONS)	AGENCY	FY 2001 AFP	FY 2002 AFP	FY 2003 AFP	FY 2004 AFP	FY 2005 AFP	FY 2006 AFP	FY 2007 AFP WITH SUPPLEMENTAL	FY 2008 AFP WITH SUPPLEMENTAL	FY 2009 BRIDGE SUPPLEMENTAL AFP	TOTAL AFP FOR ALL YEARS
DEPARTMENT OF DEFENSE (DoD)		\$0	\$13	\$176	\$404	\$1,892	\$2,248	\$7,903	\$3,426	\$2,456	\$18,519
AFSA DRAWDOWN	DoD	\$0	\$2	\$158	\$135	\$233	\$17	\$0			\$545
ASFF	DoD	\$0	\$0	\$0	\$0	\$995	\$1,908	\$7,406	\$2,750	\$2,000	\$15,060
CERP	DoD	\$0	\$0	\$0	\$40	\$136	\$215	\$206	\$486	\$285	\$1,368
DOD CN	DoD	\$0	\$0	\$0	\$72	\$225	\$108	\$291	\$190	\$171	\$1,056
DOD E&E	DoD	\$0	\$2	\$2	\$0	\$1	\$0	\$0	\$0	\$0	\$5
DOD OHDACA	DoD	\$0	\$8	\$16	\$7	\$5	\$0	\$0	\$0	\$0	\$37
DOD OMA	DoD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DOD S&E	DoD	\$0	\$0	\$0	\$0	\$8	\$0	\$0	\$0	\$0	\$8
DOD T&E	DoD	\$0	\$0	\$0	\$150	\$290	\$0	\$0	\$0	\$0	\$440
STATE DEPARTMENT		\$46	\$376	\$321	\$833	\$1,338	\$418	\$524	\$482	\$285	\$4,624
ERMA	STATE	\$8	\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$33
FMF	STATE	\$0	\$57	\$191	\$414	\$397	\$0	\$0	\$0	\$0	\$1,059
IMET	STATE	\$0	\$0	\$0	\$1	\$1	\$1	\$1	\$2	\$1	\$7
INCLE	STATE	\$0	\$66	\$0	\$220	\$706	\$233	\$252	\$308	\$101	\$1,885
IO&P	STATE	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3
DC&P	OTHER	\$0	\$24	\$23	\$48	\$130	\$112	\$179	\$104	\$89	\$711
MRA	STATE	\$33	\$135	\$62	\$63	\$47	\$36	\$54	\$44	\$50	\$524
NADR-ATA	STATE	\$0	\$36	\$26	\$52	\$23	\$18	\$20	\$1	\$4	\$181
NADR-CTF	STATE	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$1	\$3
NADR-EXBS	STATE	\$0	\$0	\$0	\$0	\$1	\$0	\$1	\$1	\$1	\$4
NADR-HD	STATE	\$3	\$7	\$8	\$13	\$14	\$14	\$14	\$15	\$20	\$107
NADR-INDS	STATE	\$0	\$0	\$0	\$2	\$0	\$0	\$0	\$4	\$0	\$6
NADR-SALW	STATE	\$0	\$0	\$0	\$0	\$3	\$3	\$2	\$1	\$3	\$11
NADR/TIP	STATE	\$0	\$1	\$0	\$0	\$0	\$0	\$1	\$0	\$1	\$3
PKO	STATE	\$0	\$24	\$10	\$20	\$16	\$0	\$0	\$0	\$2	\$71
PRT Advisors	STATE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6	\$6

Table B-2 (continued)

Annual Funding Program Update by Agency Accounts-
Information in chart provided by the March 2009 SIGAR data call

ACCOUNTS (\$ IN MILLIONS)	AGENCY	FY 2001 AFP	FY 2002 AFP	FY 2003 AFP	FY 2004 AFP	FY 2005 AFP	FY 2006 AFP	FY 2007 AFP WITH SUPPLEMENTAL	FY 2008 AFP WITH SUPPLEMENTAL	FY 2009 BRIDGE SUPPLEMENTAL AFP	TOTAL AFP FOR ALL YEARS
IG FOR STATE- USAID	STATE	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$2	\$8	\$11
USAID			\$42	\$501	\$456	\$1,181	\$1,604	\$786	\$1,574	\$1,835	\$1,1301
COMMODITY CREDIT CORP	USAID	\$0	\$7	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$9
CSH	USAID		\$0	\$8	\$50	\$31	\$38	\$41	\$101	\$63	\$57
DEVELOPMENT ASSISTANCE	USAID	\$0	\$18	\$35	\$152	\$166	\$188	\$167	\$149		\$875
ESF	USAID	\$0	\$0	\$105	\$224	\$900	\$1,313	\$485	\$1,211	\$1,400	\$1,168
FSA	USAID	\$0	\$0	\$0	\$5	\$5	\$0	\$0	\$0	\$0	\$0
GHA1	USAID	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$0
IDA	USAID	\$13	\$13	\$197	\$85	\$10	\$4	\$0	\$0	\$0	\$0
OTI	USAID	\$0	\$0	\$9	\$10	\$8	\$2	\$0	\$0	\$0	\$0
P.L.-480 (TITLE II)	USAID	\$29	\$159	\$43	\$49	\$59	\$60	\$60	\$155	\$65	\$679
USAID OE	USAID	\$0	\$0	\$4	\$4	\$10	\$23	\$12	\$20	\$26	\$20
USAID CAPITAL INVESTMENT FUND	USAID	\$0	\$0	\$0	\$17	\$0	\$0	\$0	\$0	\$0	\$17
USAID OFDA	USAID	\$0	\$0	\$0	\$0	\$0	\$0	\$16	\$20	\$0	\$36
US AGRICULTURE		\$104	\$48	\$28	\$39	\$50	\$57	\$20	\$21	\$12	\$379
FOOD FOR EDUCATION	USDA	\$0	\$0	\$9	\$6	\$10	\$25	\$0	\$0	\$0	\$50
FOOD FOR PROGRESS	USDA	\$0	\$0	\$0	\$9	\$30	\$23	\$11	\$21	\$12	\$105
4168 Food Aid	USDA	\$104	\$48	\$14	\$15	\$0	\$0	\$0	\$0	\$0	\$181
P.L.-480 (TITLE I)	USDA	\$0	\$0	\$5	\$10	\$10	\$9	\$9	\$0	\$0	\$43
TREASURY		\$0	\$1	\$1	\$1	\$1	\$0	\$1	\$0	\$0	\$5
TTA	TREASURY	\$0	\$0	\$1	\$1	\$1	\$1	\$0	\$1	\$0	\$0
OTHER AGENCIES		\$0	\$1	\$4	\$4	\$17	\$24	\$20	\$41	\$19	\$128
CDC MRE	OTHER	\$0	\$0	\$1	\$1	\$0	\$0	\$0	\$0		
DEA CN	DOJ	\$0	\$0	\$1	\$3	\$4	\$17	\$24	\$20	\$41	\$19
TOTAL		\$193	\$939	\$985	\$2,462	\$4,902	\$3,534	\$10,043	\$5,804	\$4,073	\$32,935

The status of appropriated funds is captured in the following chart. This includes every 1st level sub-allocation account used in the Afghanistan reconstruction effort since 2001.

Table B-3

Status of Appropriated Funds by Agency Accounts– Information in chart provided by the March 2009 SIGAR data call

Accounts (\$ in millions)	FY 2006 AFP	FY 2006 Obs	FY 2006 Disbs	FY 2007 AFP WITH SUPPL	FY 2007 Obs	FY 2007 Disbs	FY 2008 AFP WITH SUPPL	FY 2008 Obs	FY 2008 Disbs	FY 2009 AFP WITH SUPPL	FY 2009 Obs	FY 2009 Disbs
DEPARTMENT OF DEFENSE (DoD)	\$2,231	\$2,231	\$2,059	\$7,903	\$7,903	\$7,762	\$3,426	\$2,955	\$2,611	\$2,456	\$179	\$14
ASFF		\$1,908	\$1,908	\$1,908	\$7,406	\$7,406	\$7,406	\$2,750	\$2,466	\$2,450	\$2,000	\$50
CERP	\$215	\$215	\$43	\$206	\$206	\$65	\$486	\$488	\$161	\$285	\$129	\$14
DOD CN	\$108	\$108	\$108	\$291	\$291	\$291	\$190	\$0	\$0	\$171	\$0	\$0
STATE DEPARTMENT	\$418	\$73	\$76	\$524	\$84	\$76	\$482	\$72	\$58	\$285	\$66	\$1
IMET	\$1	\$1	\$1	\$1	\$1	\$1	\$2	\$2	\$1	\$1	\$1	\$0
INCLE	\$233	\$0	\$0	\$252	\$0	\$0	\$308	\$0	\$0	\$101	\$0	\$0
MRA	\$36	\$36	\$40	\$54	\$54	\$48	\$44	\$44	\$38	\$50	\$22	\$0
DC&P	\$112	\$0	\$0	\$179	\$0	\$0	\$104	\$0	\$0	\$89	\$0	\$0
NADR-ATA	\$18	\$19	\$18	\$20	\$13	\$13	\$1	\$6	\$6	\$4	\$32	\$0
NADR-CTF	\$0	\$0	\$0	\$1	\$1	\$0	\$1	\$0	\$0	\$1	\$0	\$0
NADR-EXBS	\$0	\$0	\$0	\$1	\$1	\$1	\$1	\$1	\$0	\$1	\$0	\$0
NADR-HD	\$14	\$14	\$14	\$14	\$14	\$12	\$15	\$15	\$11	\$20	\$6	\$1
NADR-SALW	\$3	\$3	\$3	\$2	\$2	\$1	\$4	\$4	\$1	\$3	\$0	\$0
NADR/TIP	\$0	\$0	\$0	\$1	\$0	\$0	\$1	\$0	\$0	\$1	\$0	\$0
NADR-GTR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2	\$0	\$0
PRT Advisors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6	\$6	\$0
IG FOR STATE - USAID	\$0	\$0	\$0	\$1	\$0	\$0	\$2	\$0	\$0	\$8	\$0	\$0
USAID	\$786	\$774	\$672	\$1,574	\$1,459	\$970	\$1,835	\$1,116	\$536	\$1,301	\$74	\$70
CSH	\$41	\$38	\$27	\$101	\$87	\$51	\$63	\$37	\$7	\$57	\$0	\$0
DEVELOPMENT ASSISTANCE	\$188	\$183	\$141	\$167	\$152	\$113	\$149	\$76	\$19		\$0	\$0
ESF	\$485	\$483	\$434	\$1,211	\$1,125	\$723	\$1,400	\$793	\$312	\$1,158	\$0	\$0
GHAJ	\$0	\$0	\$0	\$0	\$0	\$0	\$1				\$0	\$0
PL-480 (TITLE II)	\$60	\$60	\$60	\$60	\$60	\$60	\$155	\$155	\$155	\$65	\$65	\$65

Table B-3 (continued)

Status of Appropriated Funds by Agency Accounts– Information in chart provided by the March 2009 SIGAR data call

ACCOUNTS (\$ IN MILLIONS)	FY 2006 AFP	FY 2006 Obs	FY 2006 DISBS	FY 2007 AFP WITH SUPPL	FY 2007 Obs	FY 2007 DISBS	FY 2008 AFP WITH SUPPL	FY 2008 Obs	FY 2008 DISBS	FY 2009 AFP WITH SUPPL	FY 2009 Obs
EMERSON TRUST FUND	\$0	\$0	\$0	\$0	\$0	\$22	\$22	\$22		\$0	\$0
USAID OE	\$12	\$10	\$10	\$20	\$19	\$19	\$26	\$25	\$20	\$20	\$9
USAID OFDA	\$0	\$0	\$16	\$16	\$4	\$20	\$8	\$1		\$0	\$0
US AGRICULTURE	\$48	\$48	\$20	\$9	\$9	\$21	\$21	\$21	\$12	\$12	\$0
FOOD FOR EDUCATION	\$25	\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FOOD FOR PROGRESS	\$23	\$23	\$11	\$9	\$9	\$21	\$21	\$21	\$12	\$12	\$0
416B Food Aid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
P.L.-480 (TITLE I)	\$0	\$0	\$9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TREASURY	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TTA	\$0	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OTHER AGENCIES	\$21	\$21	\$20	\$21	\$14	\$41	\$23	\$15	\$19	\$3	\$1
DEA CN	\$24	\$21	\$21	\$20	\$21	\$14	\$41	\$23	\$15	\$19	\$3
TOTAL	\$3,165	\$2,893	\$10,043	\$9,477	\$8,832	\$5,804	\$4,186	\$3,240	\$4,073	\$334	\$86

APPENDIX C: SIGAR PLANNED AND ONGOING AUDITS

Planned Audits	Estimated Start Date
Review of U.S. and international efforts to address and build Afghanistan's capacity to address corruption within various Ministries. Objective: For select Afghan Ministries, assess their capability to provide proper oversight to combat corruption, identify the weaknesses, and determine U.S. or international community efforts to address the capacity at select Ministries to address corruption.	May 2009
Review of Security Detail Contract (contract to be identified). Objective: To identify the requirements and provisions of the security contract; costs and funding sources of the contract and task orders; and management oversight by the contracting agency to provide proper oversight of contractor's cost and performance.	July 2009
Status of Reconstruction Funding for Afghanistan (U.S. and other donor funding). Objective: Identify the sources and uses of funds, by appropriation account and reconstruction sectors that have been allocated, obligated, and expended for reconstruction.	July 2009
Review of transportation modes and procedures for the reliable delivery of reconstruction goods and supplies, including controls and accountability. This is a possible joint review with both SIGAR and DoD-IG participating. Objective: Identify controls and accountability in place for the transit of reconstruction goods and supplies from ports of entry to destinations in Afghanistan and determine effectiveness of contracts for transportation services.	August 2009

Table C-1– Information in chart obtained from the March 2009 SIGAR data call

Ongoing Audits	Estimated Date of Completion
Review of management information systems available to reconstruction decision-makers in Afghanistan (SIGAR-001) Objective: To identify how information management information systems and being used to track and report on reconstruction efforts in Afghanistan. Work will identify the systems, determine the extent they are integrated, and determine the responsibilities of U.S. government agencies to ensure consistent, accurate, and complete data.	May 2009
Review of agencies' management oversight, procedures, and practices for reconstruction funds and projects (SIGAR-002). Objective: To conduct a broad assessment of how agencies are managing the reconstruction program. Work will include an examination of controls and accountability over funding flows, project development, project management organizations and staffing levels, performance metrics, and nature of funded activities.	September 2009
Review of contractor performance and agency oversight of U.S. government contracts in Afghanistan with Louis Berger Group (SIGAR-003). Objective: Describe the number and volume of contracts that U.S. agencies have with the Louis Berger Group and assess the agencies oversight of the contractor and contractor performance, to include existing audit coverage and results.	August 2009
Review of U.S. and international donor programs to assist Afghanistan's energy sector (SIGAR-004). Objective: Conduct an overall assessment of U.S. and international programs to rebuild Afghanistan's energy sector. Work will: 1. Identify U.S. and international goals for reconstruction and sustainment of Afghanistan's energy sector. 2. Determine what performance metrics are used to determine if project milestones and outcomes are adequately tracked. 3. Assess progress and results of energy sector reconstruction efforts against the Afghanistan National Development Strategy and other criteria. 4. Assess coordination between U.S. and international agencies in energy sector reconstruction. 5. Assess Afghan participation in decisions and implementation of reconstruction programs.	September 2009
Review of the controls and accountability for Commander's Emergency Response Program (CERP) (SIGAR-005). Objective: Review the management controls and accountability of the CERP funds for Afghanistan. Work will examine controls and procedures in place to ensure the accountability of CERP funds and use of CERP funds in relation to authorization and intentions outlined in program objectives and mission strategies.	September 2009
Review of US assistance for the preparation and conduct of presidential elections in Afghanistan (SIGAR-006). Objectives: 1) Identify elections assistance funded by the United States and other donors, as well as the amount of and extent of donor coordination, for the preparation of the upcoming elections in August 2009; 2) Assess the effectiveness of the preparation for elections overall, including such areas as voter registration, voter education, polling center security, ballot box integrity, and vote counting procedures; and 3) Identify strengths/weaknesses of the election process, after the election, and lessons learned for future elections. This review will produce two reports: one before the elections that will focus on preparation and coordination, and a second report after the elections take place, to focus on the conduct of the elections.	July 2009 First Report September 2009 Second Report

Table C-2– Information in chart obtained from the March 2009 SIGAR data call

APPENDIX D: SIGAR PLANNED INSPECTIONS

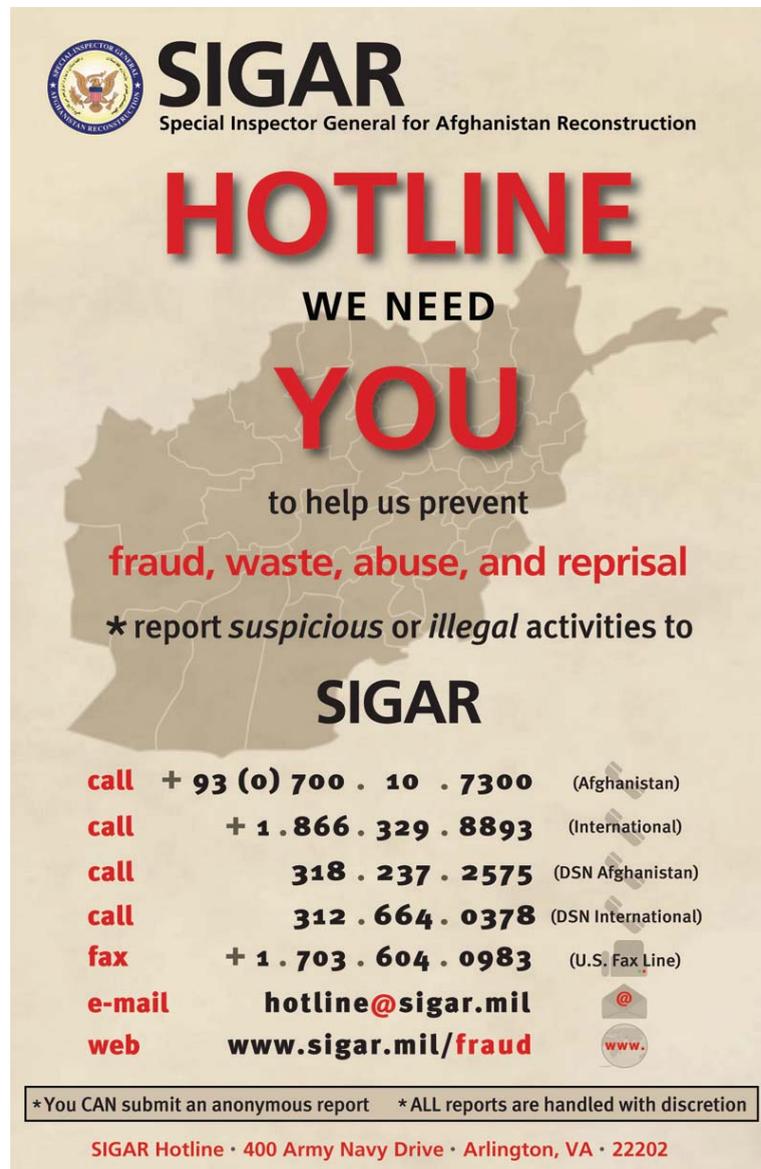
Planned Inspections	Timeframe
Quality Control inspections of major transportation infrastructure projects that have made use of U.S. funds and are central to the success of the larger Afghan National Development Strategy (ANDS) Transport Pillar priorities to include road rehabilitation, improvement and maintenance programs (Ring Roads/Regional Highways). Objective: Conduct inspections to determine a) quality of construction, b) modes of sustainability, c) accountability of resources in order to ensure conformity with contract specifications and compliance with established and accepted technical construction methods and procedures.	Initial inspections to commence in May 2009 – Inspections of various infrastructure projects will continue on a systematic basis with several capping reports made over next 12 months.
Quality control inspections of major health care facilities that have made use of U.S. funds and are central to the success of the larger Afghan National Development Strategy (ANDS) Health Pillar priorities to include hospitals, regional and local health clinics, and those facilities specifically dedicated to improving the health and care of women and children. Objective: Conduct inspections to determine a) quality of construction, b) modes of sustainability, c) accountability of resources, and d) if the facilities inspected are being used as intended in order to ensure conformity with contract specifications and compliance with established and accepted technical construction methods and procedures.	Initial inspections to commence in May 2009 – Inspections of various infrastructure projects will continue on a systematic basis with several capping reports made over next 12 months.
Quality control inspections of energy related facilities that have made use of U.S. funds and are central to the success of the larger Afghan National Development Strategy (ANDS) Energy Pillar priorities to include power plants (fossil fuel and hydro generated), electrical distribution networks, and facilities that provide power generation to isolated localities.. Objective: Conduct inspections to determine a) quality of construction, b) modes of sustainability, c) accountability of resources, and d) if the facilities inspected are being used as intended in order to ensure conformity with contract specifications and compliance with established and accepted technical construction methods and procedures.	Initial inspections to commence in May 2009 – Inspections of various infrastructure projects will continue on a systematic basis with several capping reports made over next 12 months

Table D-1

Ongoing Inspections	Completion Date
Onsite inspection of US funded Agriculture Projects within RC-East. Objective: Conduct on-site visits to selected agri-business related projects in RC East making use of U.S. funds in order to determine if inspected projects can be sustained.	May 2009

Table D-2

APPENDIX E:
HOTLINE POSTERS



The poster features the SIGAR logo at the top left, which includes an eagle and the text 'SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION'. To the right of the logo, the word 'SIGAR' is written in large, bold, black letters, with 'Special Inspector General for Afghanistan Reconstruction' in smaller text below it. The word 'HOTLINE' is written in large, bold, red letters. Below this, the text 'WE NEED YOU' is displayed, with 'YOU' being significantly larger and in red. Underneath, it says 'to help us prevent fraud, waste, abuse, and reprisal' in red, followed by '* report suspicious or illegal activities to SIGAR' in black. A map of Afghanistan is faintly visible in the background. At the bottom, contact information is listed: 'call + 93 (0) 700 . 10 . 7300 (Afghanistan)', 'call + 1 . 866 . 329 . 8893 (International)', 'call 318 . 237 . 2575 (DSN Afghanistan)', 'call 312 . 664 . 0378 (DSN International)', 'fax + 1 . 703 . 604 . 0983 (U.S. Fax Line)', 'e-mail hotline@sigar.mil', and 'web www.sigar.mil/fraud'. Small icons for an email address and a website are placed next to their respective entries. At the very bottom, a black box contains the text '* You CAN submit an anonymous report * ALL reports are handled with discretion'. Below this box, the address 'SIGAR Hotline • 400 Army Navy Drive • Arlington, VA • 22202' is printed in red.

SIGAR
Special Inspector General for Afghanistan Reconstruction

HOTLINE

WE NEED YOU

to help us prevent
fraud, waste, abuse, and reprisal
* report *suspicious or illegal* activities to
SIGAR

call + 93 (0) 700 . 10 . 7300 (Afghanistan)
call + 1 . 866 . 329 . 8893 (International)
call 318 . 237 . 2575 (DSN Afghanistan)
call 312 . 664 . 0378 (DSN International)
fax + 1 . 703 . 604 . 0983 (U.S. Fax Line)
e-mail hotline@sigar.mil
web www.sigar.mil/fraud

* You CAN submit an anonymous report * ALL reports are handled with discretion

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Figure E-1

Pashtu Version



سیگار SIGAR

د افغانستان د بیا رغونی خانگری مفتش

مونږ

ستاسو

همکاری ته اړیتا لرو

د افغانستان د بیا رغونی خانگری مفتش ستاسو همکاری ته اړتیا لری ترڅو دخینو ستونخو لکه جعلکاری، بی خایه مصارف، ناوړه گټه اختستني او تخریبی کرنو مخنیوی وکړی.

مهربانی وکړی دهغو پروژو د شکمنو او غیرقانونی کرنو په اړه چی د امریکا د متحده ایالاتو لخوا پرمخ وړل کیږی معلومات راکړی.

د اړیکو شمیری:

د افغانستان مرکزده تېلفون: +93 (0) 0700103700

خارجی تېلفون: +1 8663298893

Fax: +1 7036040983

Email: hotline@sigar.mil

Web: www.sigar.mil/fraud



Figure E-2

Dari Version



سگار SIGAR
مفتش خاص برای بازسازی افغانستان

مابه همکاری
شما

ضرورت داریم.

مفتش خاص برای بازسازی افغانستان به همکاری شما برای جلوگیری از عوامل عمده فساد مانند تقلب، افراط در مصارف، سوءاستفاده و فعالیت های مخربانه نیاز داریم.

لطفاً از فعالیت های مشکوک و غیر قانونی در جریان تطبیق پروژه های بازسازی که توسط ایالات متحده امریکا تمویل می گردد، اطلاع دهید.

نمرات تماس:

مبایل در افغانستان: +93 (0) 0700103700
تلفون خارجی: +1 8663298893
:Fax +1 7036040983
:Email hotline@sigar.mil
:Web www.sigar.mil/fraud



Figure E-3

APPENDIX F: ACRONYMS

AFP	ANNUAL FUNDING PROGRAM
AFSA	AFGHANISTAN FREEDOM SUPPORT ACT
AIG AUDITS	ASSISTANT INSPECTOR GENERAL FOR AUDITS
ANA	AFGHAN NATIONAL ARMY
ANDS	AFGHAN NATIONAL DEVELOPMENT STRATEGY
ANP	AFGHAN NATIONAL POLICE
ANSF	AFGHAN NATIONAL SECURITY FORCES
ASFF	AFGHANISTAN SECURITY FORCES FUND
BAF	BAGRAM AIRFIELD
CDC MRE	CENTER FOR DISEASE CONTROL MINE RISK EDUCATION
CERP	COMMANDER'S EMERGENCY RESPONSE PROGRAM
CID	U.S. ARMY CRIMINAL INVESTIGATION COMMAND
CJTF-101	COMBINED JOINT TASK FORCE – 101
CSH	CHILD SURVIVAL AND HEALTH
CSTC – A	COMBINED SECURITY TRANSITION COMMAND – AFGHANISTAN
CTAG	COMBINED TRAINERS ADVISORY GROUP
DCIS	DEFENSE CRIMINAL INVESTIGATIVE SERVICE
DC&P	DISEASE CONTROL AND PREVENTION
DEA	DRUG ENFORCEMENT ADMINISTRATION
DEA CN	DRUG ENFORCEMENT ADMINISTRATION COUNTERNARCOTICS
DoD	DEPARTMENT OF DEFENSE
DoD CN	DEPARTMENT OF DEFENSE COUNTERNARCOTICS
DoD E&EE	DEPARTMENT OF DEFENSE EMERGENCY AND EXTRAORDINARY EXPENSE
DoD IG	DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DoD OHDACA	DEPARTMENT OF DEFENSE OVERSEAS DISASTER, HUMANITARIAN AND CIVIC AID
DoD OMA	DEPARTMENT OF DEFENSE OPERATIONS AND MAINTENANCE
DoD T&E	DEPARTMENT OF DEFENSE TRAIN AND EQUIP
ERMA	EMERGENCY REFUGEE AND MIGRATION ASSISTANCE
ESF	ECONOMIC SUPPORT FUND
FBI	FEDERAL BUREAU OF INVESTIGATION
FDD	FOCUSED DISTRICT DEVELOPMENT
FMF	FOREIGN MILITARY FINANCING
FOB	FORWARD OPERATING BASE

FRAGO	FRAGMENTARY ORDER
FSA	FREEDOM SUPPORT ACT
FY	FISCAL YEAR
GAO	GOVERNMENT ACCOUNTABILITY OFFICE
GDP	GROSS DOMESTIC PRODUCT
GHAJ	GREATER HORN OF AFRICA INITIATIVE
GIRoA	GOVERNMENT OF THE ISLAMIC REPUBLIC OF AFGHANISTAN
ICCTF	INTERNATIONAL CONTRACT CORRUPTION TASK FORCE
IDA	INTERNATIONAL DISASTER ASSISTANCE
IEC	INDEPENDENT ELECTION COMMITTEE
IG	INSPECTOR GENERAL
IMET	INTERNATIONAL MILITARY AND EDUCATIONAL TRAINING
IMF	INTERNATIONAL MONETARY FUND
INCLE	INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT
IO&P	INTERNATIONAL ORGANIZATIONS AND PROGRAMS
ISAF	INTERNATIONAL SECURITY ASSISTANCE FORCE
JCMB	JOINT COORDINATION MONITORING BOARD
KAF	KANDAHAR AIRFIELD
MOA	MEMORANDUM OF AGREEMENT
MOI	AFGHAN MINISTRY OF INTERIOR
MoWA	MINISTRY OF WOMEN'S AFFAIRS
MRA	MIGRATION AND REFUGEE ASSISTANCE
MRAP	MINE RESISTANT AMBUSH PROTECTED
NADR – ATA	NON-PROLIFERATION, ANTI-TERRORISM, DEMINING, AND RELATED PROGRAMS – ANTI-TERRORISM ASSISTANCE
NADR – CTF	NON-PROLIFERATION, ANTI-TERRORISM, DEMINING, AND RELATED PROGRAMS – COUNTERTERRORISM FINANCE
NADR – EXBS	NON-PROLIFERATION, ANTI-TERRORISM, DEMINING, AND RELATED PROGRAMS – EXPORT AND BORDER SECURITY
NADR – HD	NON-PROLIFERATION, ANTI-TERRORISM, DEMINING, AND RELATED PROGRAMS – HUMANITARIAN DEMINING
NADR – NDS	NON-PROLIFERATION, ANTI-TERRORISM, DEMINING, AND RELATED PROGRAMS – NON-PROLIFERATION AND DISARMAMENT
NADR – SALW	NON-PROLIFERATION, ANTI-TERRORISM, DEMINING, AND RELATED PROGRAMS – SMALL ARMS LIGHT WEAPONS
NADR – TIP	NON-PROLIFERATION, ANTI-TERRORISM, DEMINING, AND RELATED PROGRAMS – TERRORIST INTERDICTION PROGRAM
NATO	NORTH ATLANTIC TREATY ORGANIZATION

NDA	NATIONAL DEFENSE APPROPRIATIONS ACT
OEF	OPERATION ENDURING FREEDOM
OHDACA	OVERSEAS HUMANITARIAN DISASTER AND CIVIC AID
OIG	OFFICE OF THE INSPECTOR GENERAL
OSI	U.S. AIR FORCE OFFICE OF SPECIAL INVESTIGATIONS
OTI	OFFICE OF TRANSITION INITIATIVES
PKO	PEACEKEEPING OPERATIONS
PRT	PROVINCIAL RECONSTRUCTION TEAM
QIP	QUICK IMPACT PROJECTS
SIGAR	SPECIAL INSPECTOR FOR AFGHANISTAN RECONSTRUCTION
STATE	DEPARTMENT OF STATE
SIGIR	SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION
SWA/JPG	SOUTHWEST ASIA JOINT PLANNING GROUP
TTA	TREASURY TECHNICAL ASSISTANCE
UN	UNITED NATIONS
UNDP	UNITED NATIONS DEVELOPMENT PROGRAM
USACE	UNITED STATES ARMY CORPS OF ENGINEERS
USAID	UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID OE	UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT OPERATING EXPENSE
USASAC	U.S. ARMY SECURITY ASSISTANCE COMMAND
USDA	UNITED STATES DEPARTMENT OF AGRICULTURE
USFOR – A	UNITED STATES FORCES – AFGHANISTAN

APPENDIX G: ENDNOTES

- ⁱ Chairmen’s Statement of the International Conference on Afghanistan, The Hague, March 31, 2009
- ⁱⁱ Prepared Remarks of President Barack Obama, “A New Strategy for Afghanistan and Pakistan,” March 27, 2009
- ⁱⁱⁱ Prepared Remarks of President Barack Obama, “A New Strategy for Afghanistan and Pakistan,” March 27, 2009
- ^{iv} Text of Letter from the President to the Speaker of the House of Representatives, April 9, 2009
- ^v Prepared Remarks of President Barack Obama, “A New Strategy for Afghanistan and Pakistan,” March 27, 2009
- ^{vi} Prepared Remarks of President Barack Obama, “A New Strategy for Afghanistan and Pakistan,” March 27, 2009
- ^{vii} Chairmen’s Statement of the International Conference on Afghanistan, The Hague, March 31, 2009
- ^{viii} Chairmen’s Statement of the International Conference on Afghanistan, The Hague, March 31, 2009
- ^{ix} Chairmen’s Statement of the International Conference on Afghanistan, The Hague, March 31, 2009
- ^x Islamic Republic of Afghanistan, Independent Election Commission Secretariat, Press Release on Election Timeline, March 19, 2009; www.iec.org.af
- ^{xi} Secretary of State, Hillary Rodham Clinton, “Remarks at the International Conference on Afghanistan,” March 31, 2009
- ^{xii} P.L. 110-181, 2008 National Defense Authorization Act
- ^{xiii} CSCT-A Mission, March 15, 2009: <http://www.cstc-a.com/mission/CSTC-AFactSheet.html>
- ^[i] The United States Plan for Sustaining the Afghanistan National Security Forces, June 2008 Report to Congress in accordance with the 2008 National Defense Authorization Act (Section 1231, Public Law 110-181),
- ^{xiv} DoD Financial Management Regulation Volume 12, Chapter 27 www.defenselink.mil/comptroller/fmr/12/12_27.pdf
- ^{xv} <http://www.state.gov/r/pa/ei/bgn/5380.htm>
- ^{xvixvi} United States Department of Agriculture, Foreign Agricultural Service, Afghanistan country page <http://www.fas.usda.gov/country/Afghanistan/afghanistan.asp>
- ^{xvii} SIGAR analysis of data from the Departments of Defense, State, and the U.S. Agency for International Development.
- ^{xviii} The Afghanistan funding information in this section has been provided during the SIGAR data call by individual fund managers from DoS,(Bureau of South and Central Asian Affairs, Bureau of International Narcotics and Law Enforcement Affairs, Office of Foreign Affairs, IG), USAID, USDA IG, DoD, DoD IG, Treasury, U.S. Army Corps of Engineers, Department of Agriculture, Office of the Secretary of Defense Comptroller, Drug Enforcement Administration, DSCA, and C-STCA.
- ^{xix} The Afghanistan Interagency Bi-monthly Fund Status Review Group is chaired by the National Security Council and consists of fund managers from DoS,(Bureau of South and Central Asian Affairs, Bureau of International Narcotics and Law Enforcement Affairs, Office of Foreign Affairs, IG), USAID, USAID IG, DoD, DoD IG, U.S. Treasury, U.S. Army Corps of Engineers, the Department of Agriculture, the Office of the Secretary of Defense Comptroller, and the Drug Enforcement Administration.