

SIGAR

Special Inspector General for
Afghanistan Reconstruction

JAN 30
2010



QUARTERLY REPORT TO THE UNITED STATES CONGRESS



Cover Captions (clockwise from top left):

An Afghan opium addict leaves the dilapidated former Soviet Cultural Center, where drugs are often bought and used, to seek help at the Drug Treatment and Rehabilitation Center in Kabul. The center runs a 45-day program to wean addicts off drugs. (Associated Press photo)

An Afghan farmer drives his harvest through the Nawa district bazaar in Helmand province. Increased rainfall in 2009 has improved overall crop yield but also highlights Afghanistan's need for modern irrigation infrastructure. (UNODC photo)

An Afghan woman takes part in medical training. The Afghan government has identified education for women as a key factor in achieving gender equality. (U.S. Embassy Kabul photo, Dan Wilkinson)

An Afghan honor guard greets U.S. Secretary of Defense Robert Gates during his visit to Kabul following President Obama's announcement to send 30,000 additional U.S. troops to Afghanistan. Securing key population centers and training Afghan security forces are significant components of the new Afghanistan strategy. (DoD Photo, U.S. Air Force MSgt Jerry Morrison)

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The National Defense Authorization Act (P.L. 110-181) established the Special Inspector General for Afghanistan Reconstruction (SIGAR).

SIGAR's oversight mission, as defined by the legislation, is to provide for the independent and objective

- conduct and supervision of audits and investigations relating to the programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.
- leadership and coordination of, and recommendations on, policies designed to promote economy, efficiency, and effectiveness in the administration of the programs and operations; and prevent and detect waste, fraud, and abuse in such programs and operations.
- means of keeping the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such programs and operation and the necessity for and progress on corrective action.

Afghanistan reconstruction includes any major contract, grant, agreement, or other funding mechanism entered into by any department or agency of the U.S. government that involves the use of amounts appropriated, or otherwise made available for the reconstruction of Afghanistan; establish or re-establish political or societal institutions of Afghanistan; and provide products or services to the people of Afghanistan.

Source: P.L. 110-181 "National Defense Authorization Act for FY 2008," 1/28/2008.

ISLAMIC REPUBLIC OF AFGHANISTAN





SPECIAL INSPECTOR GENERAL FOR
AFGHANISTAN RECONSTRUCTION

January 30, 2010

I am pleased to provide SIGAR's sixth quarterly report to the Congress and the Secretaries of Defense and State. In compliance with the requirements in Section 1229 of P.L. 110-181, this report provides an update on the status of reconstruction programs in Afghanistan and documents SIGAR's activities for the quarter ending December 31, 2009. Since 2002, the Congress has appropriated approximately \$51 billion to rebuild Afghanistan, and additional funding is likely for FY 2011.

I just returned from my sixth trip to Afghanistan, where the United States has begun to implement the new strategy articulated by President Barack Obama in December 2009. The U.S. military and civilian surge is intended to stabilize the country and create an 18-month window of opportunity to strengthen the Afghan government's ability to take the lead in providing for its security and delivering essential services to its people.

To take full advantage of the opportunity created by the surge, the U.S. government needs to improve the way it designs and implements reconstruction programs. More attention must be paid in these four areas:

- matching the appropriate human and financial resources to achieve policy objectives
- developing metrics to effectively measure project and program results to ensure that reconstruction goals are being met
- providing better oversight of contractors
- increasing efforts to deter corruption

The new transition strategy largely depends on accelerating the U.S. and international effort to train, equip, and mentor the Afghan National Security Forces (ANSF). The U.S. government has apportioned almost \$27 billion—more than half of all reconstruction dollars—to build the ANSF. In 2009, audits by the Government Accountability Office and the Department of Defense Office of Inspector General identified a shortage of U.S. trainers and coalition mentors as a major impediment to strengthening the Afghan security forces. An audit by SIGAR last May found that the Combined Security Transition Command - Afghanistan (CSTC-A), which is responsible for training the ANSF, did not have sufficient oversight of its contracts that provided training and mentoring. Despite these audit findings, U.S. commanders in Afghanistan recently told me that they still urgently need trainers, mentors, and contracting officials.

SIGAR has nine ongoing audits of U.S. reconstruction efforts, six of them related to security, including reviews of construction contracts for ANSF facilities and assessments of programs that are central to the U.S. strategy to transition responsibility for security to the Afghan government. For example, one of these audits is evaluating the degree to which the capability rating system provides a reliable measurement of ANSF capacity.

Under the new strategy, the United States and its international partners are also focused on improving governance and creating sustainable economic growth in Afghanistan. One of the key governance issues is corruption, which erodes public confidence and undermines development efforts. During this quarter, SIGAR issued two audits as part of the anti-corruption initiative we began last year. The first audit assessed Afghanistan's High Office of Oversight (HOO) and found that it needs significantly more authority, independence, and donor support to be an effective anti-corruption institution. The second audit identified steps the U.S. government needs to take to better plan and coordinate its assistance for judicial security, which is vital to the rule of law and sustainment of judicial programs.

SIGAR's audits focus not only on individual contracts but also on how these contracts fit into larger programs and how these programs support U.S. strategic goals. For example, this quarter SIGAR published two audits related to development in the energy sector. One reviewed U.S. and international efforts across the energy sector. The second assessed a single project—the \$300 million Kabul Power Plant—which has experienced serious delays and cost overruns. These audits identified systemic problems that result in the potential waste of U.S. taxpayer dollars, including the lack of an updated master energy plan, poor contract management, inadequate coordination, and questions about sustainability.

SIGAR is equally committed to detecting and deterring fraud. During this reporting period, we began a forensic analysis of U.S. reconstruction funds in order to systematically detect indicators of potential fraud or waste. This analysis will be used to identify targets for focused audits and criminal investigations. This quarter, our Criminal Investigations Directorate opened 17 new cases and made a written recommendation to initiate a suspension and debarment action against a major subcontractor for a U.S.-funded energy project. SIGAR also participated in the investigation that resulted in the sentencing of two contractors for attempted bribery.

SIGAR's oversight—our audit reports and investigations—is an essential part of the reconstruction effort, helping U.S. agencies improve their performance and prevent fraud, waste, and abuse. We will continue to report on contracts and programs to identify problems and recommend corrective actions. We will investigate allegations of fraud and malfeasance. We will follow up to ensure that our work continues to make a difference, leading to more accountability and better reconstruction outcomes.

Very respectfully,

A handwritten signature in black ink, appearing to read "Arnold Fields". The signature is fluid and cursive, with a long horizontal stroke at the end.

Arnold Fields
Special Inspector General for Afghanistan Reconstruction



TABLE OF CONTENTS



SECTION 1 AFGHANISTAN OVERVIEW

New Strategies	3
Security	5
Governance	6
Development	7
Coordination of Oversight	9



SECTION 2 SIGAR OVERSIGHT

Audits	13
Investigations	32
SIGAR Budget	34
SIGAR Staff	35



SECTION 3 RECONSTRUCTION UPDATE

Overview	39
Status of Funds	43
Security	59
Governance	77
Economic and Social Development	97
Counter-Narcotics	111

TABLE OF CONTENTS



SECTION 4

OTHER AGENCY OVERSIGHT

Completed Oversight Activities	123
Ongoing Oversight Activities	123
Other Agency Investigations	133
Other Agency Inspections	133



APPENDICES

Appendix A: Cross-Reference of Report to Statutory Requirements	136
Appendix B: U.S. Government Appropriated Funds	140
Appendix C: SIGAR Audits	142
Appendix D: SIGAR Hotline and Investigations	144
Appendix E: Acronyms and Abbreviations	145

ENDNOTES

148

Reconstruction Challenges

Contractors continue work on the Kabul Power Plant. This quarter, a SIGAR audit examined the project, which is already behind schedule by one year. The delay will increase costs by at least \$40 million. (SIGAR photo)

1 AFGHANISTAN OVERVIEW



“[W]e will seek a partnership with Afghanistan grounded in mutual respect—to isolate those who destroy; to strengthen those who build; to hasten the day when our troops will leave; and to forge a lasting friendship in which America is [Afghanistan’s] partner, and never [Afghanistan’s] patron.”

—*U.S. President Barack Obama*

Source: White House, press release, “Remarks by the President in Address to the Nation on the Way Forward in Afghanistan and Pakistan,” 12/1/2009.

AFGHANISTAN OVERVIEW

During this reporting period, the United States and its international partners announced plans to improve security in Afghanistan. They also began implementing new reconstruction strategies focused on helping the Government of the Islamic Republic of Afghanistan (GIROA) build its capacity to assume responsibility for its own security and to deliver essential services to its population. To enable the Afghans to take charge of their future, the United States and the international community are accelerating efforts to build the Afghan National Security Forces (ANSF), improve governance, and develop the economy.

NEW STRATEGIES

In December, President Barack Obama announced that the United States would send an additional 30,000 troops to Afghanistan to “seize the initiative, while building the Afghan capacity that can allow for a responsible transition of our forces out of Afghanistan.”¹ President Obama said the United States intended to begin withdrawing its troops from Afghanistan in the summer of 2011. He thus established a time frame of 18 months to effect a transition strategy.

The President said that the United States will work with the international community not only to increase the ongoing effort to train and mentor Afghan security forces, but also to develop a more effective civilian strategy that will enable the GIROA to take advantage of improved security. The United States is deploying hundreds of additional civilian experts to partner with Afghans to enhance the capacity of national, provincial, and district government institutions. This civilian surge will also be involved in economic assistance programs in critical areas, such as agriculture, which can immediately help improve the lives of the Afghan people.

The Secretary-General of the United Nations (UN) noted in his latest report to the UN Security Council that both the GIROA and the international community “have identified the need to significantly refocus the Afghan National Development Strategy in order to improve its implementation.”² At the end of January, U.K. Prime Minister Gordon Brown, Afghan President Hamid Karzai, and UN Secretary-General Ban Ki-moon were scheduled to host an international conference in London to re-evaluate Afghanistan’s reconstruction needs and to coordinate international support for a transition strategy that emphasizes improving security and building sustainable governmental institutions that can deliver services and foster economic development for Afghan citizens. The London Conference will be followed by a second international conference

AFGHANISTAN OVERVIEW



Top presidential advisors listen to President Barack Obama's speech on the new U.S. strategy in Afghanistan given at the West Point Academy. (White House photo, Pete Souza)

in Kabul in the spring. The Kabul Conference could provide an opportunity for the GIRoA to request international funding for specific projects linked to a strategic plan.

The U.S. government is beginning to change the way it implements development assistance in Afghanistan and across the globe. In her January 8, 2010 speech to the Center for Global Development, Secretary of State Hillary Clinton outlined the new approach, which includes 1) working in greater partnership with developing countries to design and implement assistance programs and 2) relying less on private contractors to develop, execute, and evaluate projects.³ This means that the United States will increase its reliance on GIRoA institutions for reconstruction programs.

Since 2002, the United States has provided approximately \$51 billion for the reconstruction of Afghanistan. Given the new strategy, the Administration is expected to request additional appropriations for Afghanistan's reconstruction for FY 2011.

As part of its oversight mission, SIGAR is conducting focused contract audits and program reviews to deter and detect fraud, waste, and abuse; it is also paying particular attention to the new U.S. development strategy. SIGAR is assessing whether U.S.-funded reconstruction projects and programs in the security, governance, and development sectors are aligned and resourced to achieve the conditions that would allow the United States to meet its objective to begin withdrawing troops from Afghanistan in the summer of 2011.

SECURITY

Since last quarter, security deteriorated throughout most of Afghanistan, affecting every aspect of the reconstruction effort. The UN reported that civilian casualties have increased and that insurgents are targeting community leaders and clerics. Violence reduced the GIROA's already limited ability to deliver basic services, thereby contributing to growing discontent with the government. Describing deteriorating security as "the single biggest impediment to progress," the UN Secretary-General said, "Insurgents increasingly capitalized on the limited Government presence by instituting shadow provincial administrations, collecting taxes, administering 'justice,' resolving land disputes, executing alleged criminals, and enforcing conservative social habits."⁴

Attacks increased on aid workers delivering humanitarian assistance and on contractors implementing reconstruction projects. Two SIGAR audits issued this quarter identified deteriorating security as one of the major causes for delays in completing U.S.-funded projects in the energy sector.

The success of the U.S. and international strategy for improving security rests on building effective Afghan security forces. The United States has apportioned half of its reconstruction funding—almost \$27 billion—to train and equip the Afghan National Army (ANA) and the Afghan National Police (ANP). SIGAR has six ongoing audits examining various aspects of the U.S.-funded reconstruction effort in the security sector. Among them are three audits reviewing construction contracts to build Afghan military and police facilities in Farah, Kunduz, and Nangarhar provinces and one audit assessing the construction contract for the Joint Regional ANSF Complex in Kandahar.

In the other two audits, SIGAR is also evaluating how the United States measures the capabilities of the ANSF and the ANSF personnel management systems. These two audits address issues that are central to the success of the U.S. strategy to transition responsibility to the GIROA for its own security. The first audit is assessing 1) the methods being used to measure and verify ANSF capabilities, 2) the degree to which readiness assessment methods vary between and within the ANA and the ANP, 3) the degree to which the capability rating system provides a reliable profile of ANSF capabilities, and 4) the extent to which challenges, such as the security environment, have impeded U.S. efforts to assess ANSF capabilities. The second audit is evaluating the extent to which the ANSF have developed accurate systems to account for personnel.

As the United States and the international community push to build the ANSF, SIGAR believes it is critical that the training and mentoring efforts are properly resourced. The Combined Security Transition Command - Afghanistan (CSTC-A) must monitor the effects of the accelerated pace on overall force quality, which includes keeping track of ANSF rates of attrition and the extent to which capacity gains attained through training are sustained over time. It is vital that the ANSF have the logistics capacity and facilities to support its army and police forces. The most important measure of the success of U.S. reconstruction programs in the security sector will ultimately be the degree to which the Afghan people see the ANSF as legitimate and effective.

GOVERNANCE

On November 19, 2009, President Hamid Karzai was sworn in for a second term as president of Afghanistan, following an election marred by extensive fraud. The elections highlighted serious problems of governance, including corruption, and led the United States and its international partners to call on the new administration to undertake immediate reforms to improve governance and combat corruption. As Secretary Clinton said during a press conference with the German Foreign Minister in November, “We are very clear that we will be expecting more from the Government of Afghanistan.”⁵

In his inaugural speech, President Karzai addressed international concerns and outlined his priorities, putting national reconciliation and the transition of responsibility for security to the ANSF at the top of the list. He also said his administration was committed to improving governance through administrative reforms, capacity building in government institutions, and the prosecution of individuals engaged in corruption.

The U.S. strategy to improve governance in Afghanistan includes a civilian surge to help build the capacity of Afghanistan’s public institutions at the national, provincial, and district levels to prepare them to govern when U.S. combat troops depart. The United States intends to triple the number of civilians in Afghanistan to 974 by early this year.⁶ Department of State (DoS) officials say they expect this number to increase by 20–30% by the end of 2010. SIGAR will begin an audit later this year to determine if the civilian surge is on schedule and is achieving its intended objectives.

The U.S. government also intends to request additional funding from the Congress for foreign assistance programs in Afghanistan.⁷ Under the new U.S. development strategy, U.S. agencies will be working in greater partnership with Afghan governing institutions to develop and implement reconstruction projects. This approach will help build much-needed capacity in Afghanistan’s public institutions, but it also requires that these institutions have the ability to account for donor funds and the mechanisms in place to deter corruption.

Because corruption corrodes the government’s legitimacy and undermines international development efforts, strengthening the GIRoA’s capability to fight corruption must be an integral part of the U.S. reconstruction strategy. Although SIGAR believes that it is desirable for the GIRoA to be much more involved in every aspect of reconstruction, Afghan institutions also must have the capacity to manage the funds and protect them from fraud, waste, abuse, and other forms of corruption. Therefore, SIGAR launched an initiative last year to assess 1) what the United States and other donor countries are doing to build the capacity of Afghan institutions to deter corruption and strengthen the rule of law and 2) the extent to which various national and local institutions have systems in place to account properly for donor funds.

During this reporting period, SIGAR issued two audits as part of its anti-corruption program. The first audit found that the High Office of Oversight (HOO), Afghanistan’s principal organization responsible for overseeing and

AFGHANISTAN OVERVIEW



President Hamid Karzai was inaugurated for his second term on November 19, 2009. He addressed international concerns and outlined his priorities for Afghanistan. (U.S. Embassy Kabul photo, Dan Wilkinson)

combating corruption, needs significantly more authority, independence, and donor support to become an effective anti-corruption institution. The second audit identified steps the United States needs to take to better plan and coordinate its assistance for judicial security.

SIGAR has two additional audits under way as part of its anti-corruption initiative. One is reviewing U.S. and other donor efforts to strengthen the capabilities of Afghanistan's Control and Audit Office (CAO); the other is assessing accountability for the payment by the U.S. Agency for International Development (USAID) of salaries to Afghan government officials and advisors.

The United States and the international community view elections as vital to sustained good governance. Last year's presidential and provincial council elections revealed weaknesses and strengths in the electoral process. For example, although the system did not prevent fraud, it was able to detect it. Next quarter, SIGAR will issue a final report that identifies lessons learned from the 2009 elections and makes recommendations for electoral reform.

DEVELOPMENT

The new U.S. strategy underscores economic development as a vital component of the overall effort to secure and stabilize Afghanistan. Much of the focus of the civilian surge will be on rehabilitating key economic sectors to establish the foundation for growth that is necessary to undermine the insurgency in the short term and sustain economic development in the long term. The top development priority now is to restore Afghanistan's once vibrant agriculture sector.

AFGHANISTAN OVERVIEW

The new strategy emphasizes agriculture for two reasons. First, most Afghans depend on subsistence agriculture for their livelihoods. Second, poppy for opium production generates more total income than any other crop. The illicit drug trade fuels the insurgency, exacerbates corruption, and undermines good governance. Developing alternative crops to increase Afghan legal income from agriculture is central to a core U.S. objective to reverse the Taliban's momentum in Afghanistan. SIGAR is planning audits in the agriculture sector. One will evaluate the DoS Good Performer's Initiative, which rewards those provinces that reduce poppy cultivation. Another audit will review U.S. and international assistance across the agriculture sector.

SIGAR is conducting these sector audits to assess the status of U.S. projects within a sector and the degree to which the United States coordinates its efforts with other international donors and the GIRoA. Although the United States is the single largest contributor of development funds, the reconstruction of Afghanistan is a multi-national effort, and well coordinated programs are necessary to prevent waste. SIGAR conducted the first of these reviews in the energy sector and issued its report this quarter.

SIGAR's audit of the energy sector found that the GIRoA does not have an updated master plan for the energy sector. As a result, many energy projects are being implemented across the country in an ad hoc manner, rather than as part of an integrated strategy. SIGAR also concluded that although the international efforts have increased Afghanistan's electricity production, the GIRoA faces serious challenges to sustaining existing facilities. For example, the Afghan electricity utility lacks the ability to collect revenue from end users and the capacity to operate and maintain power plants and transmission lines.

During this quarter, SIGAR also examined the \$300 million USAID-funded project to build the Kabul Power Plant. The report identified a wide range of factors—from land issues and ambiguous statements of work to subcontractor performance and problems with customs clearance—that contributed to construction delays and increased costs. SIGAR also found that the decision by the GIRoA and the United States to build a dual-fuel use facility that can run on either diesel or heavy fuel oil has increased construction costs and raises long-term sustainability issues. Dual-fuel facilities are far more complex to operate and maintain than single-fuel ones. SIGAR recommended that the USAID Mission director conduct a study on the technical feasibility and advisability of using heavy fuel oil in the Kabul Power Plant. The USAID Mission said this study will be prepared by March 2010.

SIGAR believes that it is necessary to conduct a broad spectrum of audits that look at individual contracts as well as programs to produce a useful evaluation of how well the reconstruction program is working in Afghanistan. Experience in Iraq and elsewhere has shown that taxpayer dollars are often wasted because projects are measured by outputs rather than outcomes. For example, a contractor may successfully deliver a power plant that complies with the contract (an output), but if the Afghan authorities are not able to operate and maintain the plant on a sustainable basis, the outcome will not be an increase in delivered

AFGHANISTAN OVERVIEW



During his recent visit to Afghanistan, Special Inspector General for Afghanistan Reconstruction Arnold Fields (left) meets with Muhammad Sharif Sharifi, the head of the CAO. The CAO is the supreme auditing institution in Afghanistan. (SIGAR photo)

electricity and the U.S. investment will be wasted. SIGAR is focused on outcomes. SIGAR also recognizes that close scrutiny of contracts helps identify fraud. SIGAR's auditors are working closely with its investigators to detect and deter criminal activity.

COORDINATION OF OVERSIGHT

As reported last quarter, SIGAR is coordinating its audits and investigations with other agencies in Washington and in the field. As a member of the Southwest Asia Joint Planning Group, SIGAR meets every three months with other inspectors general and the Government Accountability Office (GAO) to coordinate audit activities in the region. A subgroup of the Southwest Asia Joint Planning Group meets periodically to discuss ongoing and planned work in Afghanistan and Pakistan. SIGAR also attends regular oversight coordination meetings at U.S. Forces - Afghanistan (USFOR-A) headquarters. In addition, SIGAR's audit managers—both at headquarters and in Afghanistan—have regular conversations with their counterparts from the GAO, the USAID Office of the Inspector General (OIG), DoS OIG, and the Department of Defense OIG. The oversight agencies are committed to ensuring that all important oversight issues are being addressed and that there is no duplication of effort.

SIGAR investigators and attorneys continue to closely collaborate with their counterparts at other U.S. government agencies. SIGAR's Deputy Assistant Inspector General for Criminal Investigations is on the Board of Governors that oversees the Joint Operations Center of the International Contract Corruption Task Force (ICCTF). SIGAR also became the first task force member to assign a full-time investigator to the ICCTF Joint Operations Center. The ICCTF is the principal organization coordinating federal criminal and civil cases that involve procurement fraud and corruption related to U.S. government spending in Southwest Asia.

Training Afghan Security Forces

Afghan commandos in Kandahar receive medical training from the platoon medic, who demonstrates the use of a field dressing bandage. (ISAF photo, SPC Christopher Hubert)

2 SIGAR OVERSIGHT



“We must not simply tally the dollars we spend or the number of programs we run, but measure the lasting changes that these dollars and programs help achieve....We want partners who have demonstrated a commitment to development by practicing good governance, rooting out corruption, making their own financial contributions to their own development.”

—*U.S. Secretary of State Hillary Clinton*

Source: DoS, “Secretary Clinton’s Remarks on Development in the 21st Century,” accessed online 1/8/2010.

SIGAR OVERSIGHT

Since its October 30, 2009 report to Congress, SIGAR increased its staff and significantly expanded its oversight of the reconstruction program in Afghanistan. It also streamlined its operations by consolidating the Inspections Directorate under the Audits Directorate to enhance oversight of contracts, infrastructure projects, and reconstruction programs. In addition, SIGAR moved the Hotline to the Criminal Investigations Directorate to more effectively manage the entire investigative process, from the initial allegation of criminal activity to the development of a successful prosecution.

AUDITS

During this reporting period, SIGAR issued 4 audit reports and announced 7 new audits, bringing the total of ongoing audits to 16. SIGAR also launched a forensic audit program, which will use data mining and anomaly detection techniques to identify potential fraud and waste in the billions of dollars spent for Afghanistan reconstruction. This program is intended to identify opportunities for recovery, areas of poor internal control, and areas where accountability does not exist.⁸

Completed Audit Reports

This quarter, SIGAR issued two audit reports as part of its ongoing anti-corruption initiative to review what the United States and other international donors are doing to build capacity to prevent corruption and strengthen the rule of law within Afghan institutions. This work also focuses on the internal controls and accountability procedures of key Afghan institutions.

- A SIGAR audit of the High Office of Oversight (HOO), the Afghan office charged to oversee and combat corruption, found that the HOO needs significantly more authority, independence, and donor support to become an effective anti-corruption institution.
- Another SIGAR audit outlined the actions that need to be taken to better plan and coordinate U.S. assistance for judicial security. Much of this audit remains restricted because it contains sensitive information.

The other two audits SIGAR issued this quarter concern the critical energy sector:

- A SIGAR assessment of U.S. and international efforts to increase the supply of electricity found that the Government of the Islamic Republic of

Afghanistan (GIROA) lacks an updated and integrated energy plan that establishes priorities, timelines, and costs linked to achieving the stated goals—despite the international investment of at least \$2 billion in this sector since 2002.

- Another SIGAR audit identified problems causing significant delays and cost overruns in the construction of the Kabul Power Plant. The audit concluded that the long-term sustainability of the \$300 million plant remains a serious challenge.

The following subsections summarize the four audits that SIGAR issued this quarter.

Afghanistan’s High Office of Oversight Needs Significantly Strengthened Authority, Independence, and Donor Support To Become an Effective Anti-Corruption Institution, SIGAR Audit 10-2

Afghanistan suffers from systemic corruption that undermines international and Afghan efforts to secure and stabilize the country. The Afghanistan National Development Strategy (ANDS) recognized corruption as a critical problem and stated that the GIROA’s goal was to eliminate corruption in the public and private sector. The Chief Justice of Afghanistan’s Supreme Court supervised the preparation of a National Anti-Corruption Strategy, which was included as a cross-cutting issue in the ANDS. In July 2008, President Hamid Karzai established the HOO to oversee and coordinate the implementation of both the National Anti-Corruption Strategy and administrative reform.

OBJECTIVES

This audit is one of a series of SIGAR audits to evaluate U.S. efforts to combat corruption and strengthen the rule of law in Afghanistan. The audit had three objectives:

- Identify the assistance provided by the United States and other donors to strengthen the institutional development of the HOO.
- Examine the capabilities and performance of the HOO in fulfilling its mandate.
- Assess the effectiveness of U.S. assistance to the HOO.

FINDINGS

The audit had seven key findings:

1. SIGAR found that the HOO has undertaken two initiatives with varying degrees of success—an asset declaration process for public officials and a vehicle registration project. The HOO has not been able to do more because it suffers from significant gaps in capacity: It lacks sufficient independence and legal authority, it is seriously short of staff, and it struggles with a number of other operational challenges. SIGAR concluded that the HOO needs a stronger commitment and better coordinated assistance from the United States and other donors.

2. SIGAR found that, in contravention of generally accepted standards and ethical codes for oversight organizations, both the Director General and Deputy Director General of the HOO are also employed as presidential advisors within the Office of the President. SIGAR believes that holding two government positions simultaneously can, and in this case does, create a conflict of interest.
3. The existing GIROA legislation does not provide the HOO with sufficient authority to be an effective oversight institution. While the HOO can collect information and determine whether a complaint warrants further investigation by other government agencies, it has no investigative or prosecutorial authority, nor does the legislation provide the HOO with adequate powers of enforcement. GIROA agencies have no legal obligations to report corruption, and the legislation has no specified penalties for offices that refuse to cooperate with the HOO. Furthermore, the definition of corruption in the HOO legislation does not mention nepotism, and the Civil Service Code does not define conflict of interest or address the issue of making false claims.
4. The HOO currently has 100 employees—just 20% of the 500 staff members identified in its organizational chart. Its Prevention Department, which is responsible for working with government ministries to simplify bureaucratic procedures, has filled only 2 of its 26 authorized positions with private-sector salaries. HOO officials told SIGAR auditors that it is difficult to recruit qualified staff because salaries for many positions in the Afghan Civil Service are not competitive. The HOO is working with the Afghan Civil Service Commission to implement a merit-based pay and grade system. The HOO and the United Nations Development Programme (UNDP) are also considering a plan to have the UNDP fund a number of Afghan national positions at higher rates of pay than the Afghan Civil Service provides.
5. Although the HOO depends heavily on the international community for assistance, it has received limited financial support from the United States and other donors. The U.S. Agency for International Development (USAID) provided \$1 million for the HOO from October 2008 to October 2009 through its Support for Strategic Needs of the Government of the Islamic Republic of Afghanistan Program, which is being implemented by the Asia Foundation. This money was used to pay staff salaries, purchase equipment, and support training. The Asia Foundation's budget forecast calls for an additional \$1.5 million through September 2010.
6. Most other international funding for the HOO comes through the UNDP's Accountability and Transparency (ACT) Project, which was designed to help the GIROA develop the capacity to deter corruption. Of the \$22.3 million in the ACT budget, \$7.3 million has been allocated to the HOO through March 2012. Through ACT, the UNDP has procured equipment, supported information technology, rented office space and vehicles, paid for security upgrades, and provided additional international and national advisors in various HOO departments.

7. The HOO has also received limited assistance from the UN Office on Drugs and Crime (UNODC), the World Bank's Management Capacity Program, the U.S. Department of Justice (DoJ), and the United Kingdom. The UNODC, the UN agency responsible for the implementation of the United Nations Convention against Corruption (UNCAC), helped the HOO coordinate the response of Afghan ministries to a self-assessment checklist used to gauge progress in UNCAC implementation. The UNODC also helped the HOO develop a database for its Asset Registration Department. The World Bank provided western-level salaries for a small number of experts hired by the HOO. Officials from DoJ, the United Kingdom, the UNDP, and the UNODC are also helping prepare draft revisions of the HOO legislation that will provide the HOO with more authority.

RECOMMENDATIONS

To address the issues identified in this audit, SIGAR recommended that the U.S. Ambassador to Afghanistan take these actions:

- Determine—in consultation with the HOO, USAID, and other donors—conditions on which to base future assistance. These conditions would include the enactment of mutually agreeable legislative reforms based on key principles that are necessary to enhance the HOO's authority and independence, as well as the establishment by the HOO of measurable performance benchmarks.
- Urge through appropriate diplomatic channels that the HOO Director General and Deputy Director General either resign from their presidential advisory positions or resign from their HOO positions to remedy the impairment of personal independence.
- Designate an agency or individual to oversee U.S. assistance to the HOO, in terms of both institutional capacity building and legislative reform, in conjunction with international partners.
- Ensure that the designated agency or individual oversees the appointment of high-level advisors, such as judges and anti-corruption specialists, to be embedded at the HOO to provide sustained counsel, mentoring, and strategic advice to the HOO's leadership.
- Engage the international community to reinvigorate donor coordination efforts, perhaps under the auspices of the United Nations Assistance Mission in Afghanistan (UNAMA).

MANAGEMENT COMMENTS

The U.S. Embassy and USAID Mission in Kabul concurred with the report's findings and recommendations. They also noted that a draft anti-corruption study currently under review by the U.S. government envisions a substantial transformation of the HOO along the lines recommended in the SIGAR report.



The Special Inspector General for Afghanistan Reconstruction (right) meets with the Chief Justice of the Afghan Supreme Court to discuss enhancing anti-corruption efforts, strengthening the nation's accountability organizations, and bolstering the rule of law in Afghanistan. (SIGAR photo)

Actions Needed To Protect Afghanistan's Judicial Officials, SIGAR Audit 10-3

The United States, the single largest contributor to Afghanistan's justice sector, has invested more than \$160 million in programs to develop an effective judiciary, which is essential to establishing rule of law and good governance. Because of the risks faced by Afghanistan's judicial officials, providing security for them is an important element of the GIRoA's National Anti-Corruption Strategy and the ANDS.

OBJECTIVES

As part of its initiative to address U.S. efforts to strengthen Afghanistan's anti-corruption capabilities and the rule of law, SIGAR examined the approach used by U.S. agencies to provide judicial security assistance and the factors that could impact the effectiveness of this assistance.

Because of the sensitive nature of the issues discussed, SIGAR restricted distribution of the full report to relevant agency and congressional officials as Controlled Unclassified Information. SIGAR also issued an unrestricted report summary, which excludes sensitive information.

FINDINGS

SIGAR's audit had three main findings:

1. The United States provides training and infrastructure support to Afghanistan's Judicial Security Unit (JSU), a specialized unit of the Counter-Narcotics Police of Afghanistan under the Ministry of Interior. Several U.S. agencies—including the DoJ, the Department of Defense (DoD), and the Department of State (DoS)—are assisting the JSU. The U.S. Marshals Service, a component of DoJ, mentors and trains JSU personnel in courtroom and personal security. DoD designed, funded, and built a \$4.5 million compound in Kabul to house and support the JSU. The DoS Bureau of International Narcotics and Law Enforcement Affairs (INL) has provided money to fund the compound's operations and maintenance (O&M), as well as procure its furniture and equipment. The U.S. and Afghan governments are discussing expanding judicial security assistance. The discussion has included proposals from both governments on scope, size, and funding, as well as a timeline for implementation of a broader judicial security program.
2. SIGAR found that the U.S. government does not have a strategic approach to providing assistance for judicial security and that its efforts have at times been uncoordinated. Key elements of a strategy are lacking—such as leadership, agreed-upon standards, assessment of risk, and a planning process that takes into account requirements and stakeholders. Although several U.S. agencies are responsible for developing, funding, and implementing judicial security assistance, no single agency or individual has been officially designated to lead or coordinate U.S. efforts. This contributed to delays in opening the JSU compound. Because the U.S. and Afghan governments have not established judicial security standards, the initial U.S. and Afghan proposals for a broader judicial security program varied widely in size, scope, and cost. Threat and risk assessments are also necessary to determine, among other things, the number of security personnel as well as the type and quantity of equipment needed to protect judicial personnel. Lack of adequate planning and coordination between agencies delayed the opening of the JSU center by more than six months; moreover, costs for O&M are now estimated to exceed the allocated funding level.
3. Additional challenges related to planning, human resources, command structure, and jurisdiction could hinder plans for a broader judicial security program. For example, the GIRoA's initial proposal estimated costs for salaries, uniforms, equipment, and vehicles but did not include costs for infrastructure requirements for facilities to train the security force or for offices throughout Afghanistan.

SIGAR concluded that action is needed to ensure that progress made in establishing the JSU is not lost and that implementation challenges are mitigated as the United States and Afghanistan work together to develop a broader judicial security program.

RECOMMENDATIONS

SIGAR recommends that the U.S. Ambassador designate a lead agency or office to coordinate the planning and implementation of multi-agency judicial security assistance. SIGAR also recommends that the lead agency or office take these actions:

- Assist GIRoA partners in establishing judicial security standards and developing appropriate job descriptions for members of the current and future Afghan judicial security forces.
- Fully involve important stakeholders—especially those who could provide potential funding for infrastructure, equipment, or O&M in the planning process.

SIGAR made additional recommendations that could not be included in the public summary because they involve sensitive information.

MANAGEMENT COMMENTS

The U.S. Embassy in Kabul concurred with the report's findings and recommendations and outlined actions that it has taken in response to the recommendations. It has appointed its Rule of Law office as the lead agency and established a multi-agency planning team that includes the relevant stakeholders. While SIGAR welcomes these actions, it reiterates the need to work with GIRoA partners to establish security standards. SIGAR believes that its recommendations can help U.S. agencies determine the size, scope, and implementation phases of a judicial security program that is based on the prioritized needs of key judicial officials. To prioritize these needs, U.S. and Afghan officials need to establish security standards and conduct security assessments based on those standards.

Afghanistan's Energy Supply Has Increased, But an Updated Master Plan Is Needed, and Delays and Sustainability Concerns Remain, SIGAR Audit 10-4

The United States, other international donors, and the GIRoA have placed a high priority on increasing Afghanistan's capacity to generate and distribute electricity. The ANDS, approved by the GIRoA in 2008, set four ambitious goals for increasing the country's electricity supply:

- reaching at least 65% of households in major urban areas
- reaching 90% of non-residential establishments in major urban areas
- reaching 25% of households in rural areas
- covering at least 75% of total operating costs through user fees by the end of 2010

Since 2002, the international community has made available or pledged at least \$2 billion to improve the energy sector. Of this, the United States has provided more than \$732 million, including approximately \$423 million for the ongoing construction of the North East Power System (NEPS), which is designed

SIGAR OVERSIGHT

to provide lower-cost power to cities and towns in northeastern Afghanistan, including Kabul. International donors have funded or committed \$1.2 billion to developing the NEPS, much of which involves building the transmission lines and distribution systems needed to import power from neighboring Tajikistan, Turkmenistan, and Uzbekistan. In addition to the NEPS, the United States is funding several other projects to rehabilitate hydropower plants, develop new energy sources, build Afghan technical capacity, and promote clean energy.

OBJECTIVES

This SIGAR audit assessed four elements:

- the strategy for prioritizing projects and establishing goals and time frames for the development of Afghanistan’s energy sector
- the status of Afghanistan’s energy sector and U.S. and donor projects
- the status of USAID energy-sector projects
- the coordination between the United States, international donors, and Afghanistan on energy projects

FINDINGS

The audit had eight findings:

1. SIGAR found that the GIRoA lacks a current energy sector master plan that establishes the priorities, time frames, and costs needed to achieve energy sector objectives. Although the Afghan government worked with the international community to develop the ANDS, donor officials told SIGAR auditors that the ANDS goals were poorly defined, too ambitious, and based on inaccurate information. As a result, according to the Asian Development Bank and the World Bank, energy projects are being implemented in an ad hoc manner, rather than as part of an integrated strategy.
2. Primarily as a result of U.S. and international donor assistance, Afghanistan’s installed electrical capacity has increased by an estimated 139%—from approximately 430 megawatts (MW) in 2001 to 1,028.5 MW as of September 2009. In addition to domestic production, Afghanistan also imports electricity from its neighbors. The NEPS—the largest internationally funded energy project in Afghanistan—involves the construction of power lines and distribution systems needed to import additional power from Tajikistan, Turkmenistan, and Uzbekistan. The GIRoA and its international donors have been working with these countries to establish long-term power purchase agreements that could eventually yield a total supply of 900 MW a day.
3. SIGAR identified two key issues that could affect the GIRoA’s capacity to sustain and increase the generation and distribution of electricity—the ability to collect revenue from end users, and the capacity to operate and maintain facilities. The GIRoA is currently unable to collect the revenue it needs to pay for fuel and to cover other O&M expenses. Afghanistan’s power facilities are operating at just 60% of installed capacity because of problems related to the consequent fuel shortages and lack of maintenance. To cover some of the

GIRoA's financial shortfall in the energy sector, USAID provided \$15.2 million from 2007 to 2009 for O&M on power plants. It plans to spend an additional \$15.3 million through April 2011.

4. The United States and other international donors are assisting the GIRoA's efforts to operate the electric utilities on a commercial basis and deter corruption in its operation. The payment of extra fees for connections and bribes to meter readers, the bypassing of meters, and the submission of incomplete revenue returns have decreased the GIRoA's ability to collect revenue. With the support of USAID and other donors, the Afghan government transferred the assets of the state-owned electric utility to a commercial entity in September 2009. According to USAID, this step should help reduce commercial losses, minimize corruption, and increase revenue.
5. Afghanistan's energy sector also suffers from the lack of an experienced workforce with the technical and managerial skills necessary to operate and maintain complex facilities. All USAID projects include a capacity development component; in addition, USAID has provided training for energy sector workers. However, officials note that the GIRoA has had difficulty retaining trained staff because private contractors can offer higher pay.
6. USAID-funded energy projects have faced delays and cost overruns because of the dangerous security environment and a general lack of quality assurance oversight, in addition to problems with land titles and customs. In fiscal year (FY) 2009, five of USAID's six energy infrastructure projects (valued at an estimated \$422.6 million) were behind schedule. Deteriorating security has particularly affected certain projects, such as the rehabilitation of the Kajakai Hydropower Plant in southern Afghanistan. The security costs for that project have increased from 9% to 30% of the contract's value. USAID has lacked independent quality assurance personnel on most of its energy infrastructure projects. To address this problem, the agency has hired a contractor to perform independent oversight of some projects. USAID expected this contractor to be providing consistent reporting on the energy projects by late 2009.
7. USAID has established a goal to provide reliable and affordable electricity by increasing Afghanistan's operational capacity to 1,000 MW by 2012, but it has not established goals and time frames in other critical areas, such as building Afghan capacity to operate and maintain the energy infrastructure. Furthermore, although USAID is tracking output metrics—production capacity, the number of people with increased access to electricity, and the number of people receiving training—at the contract level through performance management plans, these plans do not help USAID assess progress in a strategic manner.
8. Afghanistan's Inter-Ministerial Commission on Energy is responsible for coordinating donor activities in the energy sector. Although the Commission appears to effectively coordinate the large projects to develop the North and South East Power Systems, it needs to improve information sharing on the

smaller, rural energy projects. U.S. and international donors have not agreed on technical standards for rural energy projects, increasing the risk that communities will not be able to connect in the future. SIGAR also found a lack of coordination between USAID and U.S. Forces - Afghanistan at the project level.

RECOMMENDATIONS

To improve the effectiveness of USAID-funded projects and planning for future projects, SIGAR recommends that the Director of the USAID Mission to Afghanistan take four actions:

- Work with the GIRoA and international donors to update the Afghanistan Energy Master Plan and prioritize needs.
- Establish milestone targets for capacity building and O&M support for the energy sector.
- Ensure that applicable output and outcome metrics are applied consistently to all USAID energy projects.
- Work with U.S. Forces - Afghanistan and international donors to establish common technical standards on energy projects.

MANAGEMENT COMMENTS

In a joint response, the U.S. Embassy in Kabul and the USAID Mission in Afghanistan concurred with the recommendations. They outlined steps they have taken and are planning to take to implement the recommendations.

Contract Delays Led to Cost Overruns for the Kabul Power Plant, and Sustainability Remains a Key Challenge, SIGAR Audit 10-6

In May 2007, as part of the U.S. effort to improve Afghanistan's energy infrastructure, USAID agreed to build a dual-fuel power plant, capable of running on diesel or heavy fuel oil, that would generate 105 MW of electricity for Kabul. In July 2007, USAID issued a task order under the \$1.4 billion Afghanistan Infrastructure and Rehabilitation Program (AIRP) contract with the Louis Berger Group, Inc./ Black and Veatch Joint Venture. This "fast track" project was designed to install 18 generators in 3 blocks of 6 generators each; each block would provide 35 MW of electricity. The project was scheduled to have been completed by March 31, 2009. A series of contract modifications raised the cost of the project to more than \$300 million and delayed its expected completion by 12 months to March 31, 2010. At least \$40 million of the increased costs is a direct result of the project delays.

The USAID Office of Inspector General (USAID OIG) identified a wide range of factors—attributable to USAID, the prime contractor (Black & Veatch), and

SIGAR OVERSIGHT

subcontractors—that contributed to the construction delays and the increased cost of the plant:

- inability to obtain adequate title to land for construction
- ambiguous statement of work that led to poor planning and implementation
- delays in subcontract award and mobilization
- subcontractor performance problems
- lack of timely approvals from USAID's contracting officer
- lack of onsite quality assurance
- inconsistent communication between the contractor and USAID
- USAID transportation and customs clearance problems

OBJECTIVES

SIGAR examined the USAID-funded effort to build a 105 MW power plant on the outskirts of Kabul; the project has experienced significant delays and major cost overruns. Building on the findings of an audit conducted by the USAID OIG, SIGAR examined three issues:

- the basis for reported project delays and cost overruns
- actions taken to respond to these problems
- whether the GIRoA will be able to sustain the plant's operations



This quarter, a SIGAR audit of the Kabul Power Plant construction project examined the reasons for project delays and cost overruns and whether the GIRoA can sustain the plant's operations in the future. (SIGAR photo)

SIGAR OVERSIGHT

FINDINGS

The SIGAR audit had two major findings:

1. To address problems raised by USAID OIG and SIGAR, both USAID and Black & Veatch have taken several steps to ensure that all 18 generators were installed by December 2009, to prevent any further delays beyond March 2010, and to help reduce project costs. USAID hired an independent quality assurance firm, which now has staff onsite at the Kabul Power Plant. In addition, the agency conducted an extensive internal review of all AIRP task orders to identify systemic causes for the project delays and cost overruns. Black & Veatch developed detailed execution and related work plans, which included lower-cost engineering options. The contractor also agreed to eliminate its fixed fee for the completion of the work on the Kabul Power Plant. These measures reduced program costs by \$5 million.
2. The long-term sustainability of the Kabul Power Plant remains a serious concern. That sustainability largely depends on the ability of the GIRoA to purchase the required fuel and cover O&M costs. Despite its earlier commitments to pay for these costs, USAID has concluded that the GIRoA will likely require international assistance for both expenditures because it currently lacks the ability to collect sufficient revenues to cover its operating costs. Although international donors and USAID are implementing programs to help the GIRoA commercialize its utility sector, USAID officials estimate that it will be at least five years before the GIRoA will be able to generate enough revenue from the Kabul electric utility to cover the costs of operating the plant.



An electricity generator, 1 of 18 in the Kabul Power Plant. (SIGAR photo)

SIGAR OVERSIGHT

USAID reported to SIGAR that it is planning to contract for the bulk of O&M support over the next several years. If the Kabul electric utility is unable to generate sufficient revenue after this period of support, USAID may face the difficult decision of whether to continue funding operations or to terminate U.S. involvement with the project and put the future of the \$300 million facility at risk.

USAID has not yet provided any direct fuel support for the Kabul Power Plant; however, at the request of the Afghan Minister of the Economy, USAID provided fuel support for the North West Kabul Power Plant during the winter of 2008/2009. USAID kept \$28 million that had been set aside for the Afghan Reconstruction Trust Fund for this purpose and spent \$15.6 million of it, leaving \$12.4 million to either give to the trust fund or use for another purpose. The GIRoA has formally asked for \$12.4 million for fuel support, but USAID has yet to respond to this latest request.

The decision by the GIRoA and the United States to build a dual-fuel use facility that is capable of operating on either diesel or heavy fuel oil has additional long-term implications for the sustainability of the power plant. SIGAR understands that the GIRoA wanted a dual-fuel facility because heavy fuel oil is considerably cheaper than diesel, a savings that could improve the chances that the government could operate the plant with its own resources. The engineering and construction costs of building a dual-fuel plant are higher than those of a single-fuel facility. In addition, dual-fuel plants are far more complex to operate and maintain, and their O&M expenses are likely to be significantly higher because of the greater wear and tear placed on generators using heavy fuel oil.



During the Kabul Power Plant audit, personnel from SIGAR, USAID, and Black & Veatch inspect the control room. (SIGAR photo)

RECOMMENDATION

SIGAR recommends that the USAID Mission Director produce a definitive study on the technical feasibility and advisability of using heavy fuel oil in the Kabul Power Plant and factor this information into decisions concerning the completion of the facility, as well as the post-construction use of heavy fuel oil in the facility.

MANAGEMENT COMMENTS

The U.S. Embassy in Kabul and the USAID Mission to Afghanistan concurred with the report's findings and recommendation and said that a definitive study on the technical feasibility and advisability of using heavy fuel oil at the plant would be prepared by the end of March 2010. They also noted that government changes since the 2009 presidential elections provide an opportunity to reexamine the choice of using a dual-fuel plan "in the light of the study's technical input, several months of plant operations, and ongoing efforts to commercialize the sector and improve revenue flows."

New Audits Announced This Quarter

During this reporting period, SIGAR initiated seven new audits. They included four focused contract audits—one each of the construction contracts for Afghan National Army (ANA) facilities in Farah and Kunduz provinces, and at Gamberi in Nangarhar province, and one of the security services contract with Global Strategies Group. Two other audits were begun as part of the anti-corruption initiative: one is assessing U.S. and other donor efforts to strengthen the capabilities of Afghanistan's Control and Audit Office (CAO); the other is examining USAID assistance to pay the salaries of GIRoA officials and advisors. An additional audit will identify contractors that are the prime vendors on major U.S. contracts for the reconstruction of Afghanistan.

Focused Contract Audit: Construction of the ANA Brigade Garrison in Farah Province

SIGAR is examining the U.S. Army Corps of Engineers (USACE) construction contracts for Phases I and II of the U.S.-funded ANA Brigade Garrison in Farah Province. The audit addresses these questions:

- Was the Brigade Garrison completed within the terms of the contract, including schedule and cost?
- What support and documentation was submitted for contract modifications and contractor costs and payments, and did these submissions meet applicable requirements?
- Did U.S. contract administration and oversight meet applicable requirements?
- Can the ANA, which has taken possession of the garrison, operate and maintain the facilities?

This audit will also identify the subcontractors used by the prime contractor and determine 1) which, if any, subcontractors were hired to provide personnel or site security and 2) whether the GIRoA had approved the Afghan subcontractors to operate in Afghanistan at the time.

Focused Contract Audit: Construction of the ANA 2/209th Headquarters Facilities in Kunduz Province

SIGAR is examining the USACE construction contracts for Phases I and II of the U.S.-funded ANA 2/209th Headquarters facilities in Kunduz to address these questions:

- Are the facilities being completed within the terms of the contract, including schedule and cost?
- What support and documentation has been submitted for contract modifications and contractor costs and payments, and does it meet applicable requirements?
- Does U.S. contract administration and oversight meet applicable standards?
- What plans are there for the ANA to take possession of the facilities, perform maintenance, and pay for sustainment costs?

This audit will also identify the subcontractors used by the prime contractor and determine 1) which, if any, subcontractors were hired to provide personnel or site security and 2) whether the GIRoA had approved the Afghan subcontractors to operate in Afghanistan at the time.

Focused Contract Audit: Construction of ANA Brigade Garrison at Gamberi in Nangarhar Province

SIGAR is examining the USACE construction contracts for Phases I, II, and III of the U.S.-funded ANA Brigade Garrison in Gamberi and a contract for the Gamberi Range Complex. SIGAR will address these questions:

- Are the facilities being completed within the terms of the contract, including schedule and cost?
- What support and documentation has been submitted for contract modifications and contractor costs and payments, and do these meet applicable requirements?
- Does U.S. contract administration and oversight meet applicable standards?
- What plans are there for the ANA to take possession of the facilities, perform maintenance, and pay for sustainment costs?

This audit will also identify the subcontractors used by the prime contractor and determine 1) which, if any, subcontractors were hired to provide personnel or site security and 2) whether the GIRoA had approved the Afghan subcontractors to operate in Afghanistan at the time.

Focused Contract Audit: Reconstruction Security Support Services from Global Strategies Group Inc.

This audit, which is related to SIGAR's review of private security contractors in Afghanistan (see "Ongoing Audits"), is examining whether USACE received the security services it needed from the contractor at a reasonable cost. The audit will address these questions:

- Are the contract requirements being completed within the terms of the contract, including schedule and cost?
- What support and documentation has been submitted for contract modifications and contractor costs and payments, and do these meet applicable requirements?
- Does U.S. contract administration and oversight meet applicable requirements?
- Were any private security subcontractors used by the prime contractor? If so, were the requirements of the prime contract included in the subcontract?

Review of U.S. and Other Donor Efforts To Strengthen the Capabilities of Afghanistan's Control and Audit Office

This audit is part of SIGAR's initiative to evaluate U.S. and other donor assistance to support the anti-corruption capabilities of GIROA institutions. SIGAR is identifying U.S. and donor assistance to strengthen the CAO, assess its capabilities and performance, and determine the effectiveness of U.S. and other donor assistance to it.

Review of USAID-Funded Salaries Paid to Afghan Government Officials and Advisors

This audit, which is part of SIGAR's effort to assess the internal controls and accountability procedures of key Afghan institutions, has these objectives:

- Identify all USAID-funded salaries paid to officials and advisors of the GIROA.
- Examine the internal controls and other accountability mechanisms for determining the recipients of salaries and the amounts paid.
- Determine the effectiveness of these mechanisms in safeguarding U.S. funds against improper use.

Identification of Major Vendors for Reconstruction Contracts in Afghanistan

SIGAR initiated this audit to identify and describe the largest U.S. reconstruction contracts. This will help guide SIGAR's future focused contract audits. The Government Accountability Office (GAO) has provided SIGAR with access to the database it compiled to prepare its reports addressing contracting in Afghanistan during FYs 2007 and 2008 and the first six months of 2009. SIGAR has analyzed GAO's data to identify and rank the prime vendors by total obligations during that period. SIGAR will carry out three tasks:

- Ensure that the vendors and associated contracts identified are for reconstruction in Afghanistan (rather than support for the U.S. presence).
- Determine the full value and purpose of the contracts identified.
- Document each contract's reported total obligations and expenditures through FY 2009.

SIGAR will work with DoS, DoD, and USAID to identify any prime contractors that have active contracts for substantive reconstruction assistance to Afghanistan that did not appear in GAO's database. To minimize duplication of effort, SIGAR is coordinating this work with GAO's ongoing compilation of contract obligations for the last six months of FY 2009.

Ongoing Audits

During this quarter, SIGAR continued work on nine other audits, including contract and program reviews, as well as assessments related to SIGAR's anti-corruption initiative. They address issues of security, governance, and development.

Review of Agencies' Management Oversight, Procedures, and Practices for Reconstruction Funds and Projects

SIGAR is conducting a series of audits to evaluate how implementing agencies are managing the reconstruction program. These audits assess an agency's ability to develop and manage projects, establish performance metrics, and control and account for funding flows. SIGAR has already reported on the CSTC-A's oversight of its reconstruction programs. SIGAR is currently reviewing USAID's oversight of its reconstruction programs.

Review of U.S. Assistance for the Preparation and Conduct of Presidential and Provincial Council Elections in Afghanistan

This audit, the third in a series of reports on the election process, addresses one objective: to identify the strengths and weaknesses of the election process and make recommendations for electoral reform. As part of this work, SIGAR conducted a public opinion poll to gauge Afghan views on the elections. It is also reviewing independent assessments of the 2009 presidential and provincial council elections.

Review of U.S. Agencies' Use of Contractors To Provide Security for Reconstruction Programs in Afghanistan

SIGAR is conducting this audit to identify the number and volume of contracts in place to provide security services in Afghanistan. The audit will address these objectives:

- Determine the number of security contractors and personnel working for federal agencies in Afghanistan.

- Assess agencies' management and oversight of security contractors and subcontractors.
- Determine the extent to which GAO and the inspector general community have conducted audits of private security contracts.

Assessment of the Capabilities of the Afghan National Security Forces

SIGAR is conducting this audit to evaluate the reliability of the capability ratings that are being used to measure the capabilities of the ANSF. The audit will address these objectives:

- Identify the methods used to measure and verify ANSF capabilities.
- Assess the extent to which readiness assessment methods vary between and within the ANA and the ANP.
- Determine the degree to which the capability rating system provides a reliable profile of ANSF capabilities.
- Identify the extent to which challenges have impeded the ability of the U.S. government to assess ANSF capabilities.

Review of Afghan National Security Forces Personnel Management

SIGAR is conducting this audit to evaluate the extent to which the ANSF have developed accurate systems for personnel accounting. It will describe and assess four elements:

- the extent to which ANA and ANP personnel have been counted and validated
- the actions taken by the United States and international donors to support the development of ANSF personnel accounting systems
- the challenges associated with the completion and maintenance of routine systems for personnel accounting
- the extent to which inaccurate personnel numbers have led to additional challenges, including the fraudulent collection of ANSF salaries

Review of the Construction Contract of the Joint Regional Afghan National Security Forces Complex Outside the Kandahar Airfield in Kandahar Province

This review began as a SIGAR inspection and has been expanded to conform to contract audit objectives. SIGAR is examining U.S.-funded construction contracts for the Joint Regional ANSF Complex facilities, which are nearing completion, to address these questions:

- Are the infrastructure projects being completed within the terms of the contract, including schedule and cost?
- What support and documentation has been submitted for contract modifications and contractor costs and payments, and is this submission adequate?

- What is the quality of U.S. contract administration and oversight?
- What plans exist for the ANA to take possession of the facilities, perform maintenance, and pay for sustainment costs?

Review of the Use of Funds Earmarked for Afghan Women and Girls

SIGAR is conducting this audit to identify the process for earmarking funds by the Congress for women and girls in Afghanistan, and the extent to which their use has complied with U.S. legislative requirements. SIGAR is also assessing how agencies measure the effectiveness of these programs and what agencies are doing to ensure program sustainability.

Review of Contractor Performance and Agency Oversight of USAID Contracts in Afghanistan with Louis Berger Group

This audit will assess USAID's oversight of this contractor. As part of its assessment, SIGAR is analyzing USAID OIG's findings about the work performed by the Louis Berger Group.

Review of the Construction Contract for the Tojg Bridge, Farah Province

Provincial Reconstruction Teams (PRTs) are at the forefront of the reconstruction effort in Afghanistan's provinces. PRTs frequently draw on the Commander's Emergency Response Program (CERP) to fund projects. SIGAR is assessing the effort by the U.S.-led PRT in Farah to build a \$1.7 million bridge using CERP funds.

Forensic Audit

SIGAR is launching a forensic audit program using data-mining techniques to identify anomalies in payments that could indicate fraud or waste, as well as to identify poor internal controls and lack of accountability. This program will begin to implement the requirement in SIGAR's legislation for a forensic audit of reconstruction funds. As the first step, SIGAR will obtain data from the Defense Finance and Accounting Service on all payments made under the reconstruction program.

Using data-mining techniques, SIGAR will look for anomalies that warrant further investigation. Among others, such anomalies include duplicate payments, payments to fictitious vendors, or payments authorized, approved, and received by the same person. When an anomaly is identified, SIGAR will assign auditors to do additional research or refer the case to Investigations.

The forensic audit will help SIGAR develop a more finely tuned, risk-based approach to identifying the audits it will conduct. It will also provide evidence that can both improve internal controls and accountability, and lead to the discovery and prosecution of fraud and the recovery of improper payments. SIGAR expects the forensic audit program to yield results later this fiscal year.

Planned Audits

SIGAR is planning to conduct a wide range of audits, including focused contract audits and broader performance audits of various aspects of reconstruction. SIGAR will begin these audits as it hires additional auditors and completes ongoing work. The audits that SIGAR believes are priorities and that it hopes to initiate within the next six months include reviews of the following issues:

- the implementation of the civilian surge
- internal controls and accountability for the Afghanistan National Solidarity Program
- oversight and performance of the USAID contract with International Relief and Development, Inc.
- U.S. and other donor support to the agriculture sector
- the DoS \$100 million Good Performer's Initiative
- the oversight and performance of the CSTC-A contract with MPRI

INVESTIGATIONS

This quarter, SIGAR's Criminal Investigations Directorate significantly expanded its operations. It opened 17 new cases and issued an official referral for action recommending the suspension and debarment of a contractor involved in a major reconstruction project in Afghanistan. The directorate also hired four new investigators and assumed responsibility for the SIGAR Hotline and Complaint Management Program.

Since SIGAR's last quarterly report, two dual-citizenship Afghan-American nationals were sentenced in a federal district court to four years in prison for attempting to bribe a U.S. Army contracting official. SIGAR actively participated in the joint investigation that resulted in their conviction.

International Contract Corruption Task Force

SIGAR's Deputy Assistant Inspector General for Criminal Investigations was named to the Board of Governors of the International Contract Corruption Task Force (ICCTF). The ICCTF investigates criminal and civil cases of fraud, waste, and abuse, and facilitates federal prosecutions through the International Sub-Committee of the Department of Justice National Procurement Fraud Task Force. Its members include the major U.S. criminal investigation and inspector general community organizations.⁹ SIGAR also became the first of the nine task force members to assign a full-time investigator to the ICCTF's Joint Operations Center, located at the Federal Bureau of Investigation in Washington, D.C. The Joint Operations Center provides strategic and operational support to member agencies, including intelligence analysis, investigative coordination, and prosecutorial liaison. The ICCTF has three offices in Afghanistan. SIGAR conducts joint investigations with ICCTF members at all three locations. SIGAR is also leading the effort to expand the number of ICCTF offices to other areas in Afghanistan where the United States is funding significant reconstruction efforts.

Status of Cases

From October 1 to December 31, 2009, SIGAR opened 17 cases and closed 5 others. Currently, SIGAR is investigating 37 cases in collaboration with the ICCTF.

These are some of the highlights of recent SIGAR investigative activity:

- Two Afghan-American nationals were sentenced for attempted bribery (described in the following subsection).
- SIGAR issued an official referral for action recommending the suspension and debarment of a major contractor for violations of federal law.
- SIGAR participated in the issuance of seven federal grand jury subpoenas and three residential searches in support of a criminal bribery investigation involving a U.S. federal employee.
- Seven other investigations have identified potential fraud in excess of \$150 million.

SIGAR's new cases involve procurement fraud, contract fraud, bribery, theft, and a civil investigation.

Two Men Sentenced in Virginia for Attempting To Bribe a U.S. Army Contractor In Kabul

SIGAR played an active role in a joint bribery investigation that led to the November 13, 2009 sentencing of two Afghan-American contractors in the U.S. District Court for the Eastern District of Virginia in Alexandria. Rohullah Farooqi Lodin, 48, of Irvine, California, and Hashmatullah Farooqi, 38, of New York City, brothers, each received a four-year prison sentence and a \$30,000 fine for attempting to bribe a U.S. Army contracting official while they were in Afghanistan in early 2009. The contract involved an \$18 million design-and-build project, funded by the CERP in Logar province. The men attempted to influence the award of the contract by offering to wire transfer \$1 million to the contracting official's U.S. bank account and to deliver a luxury automobile to the contracting official's residence. Farooqi and Lodin had pled guilty earlier last year. The U.S. District Court judge who sentenced them stated that the two men's actions "showed an eagerness to corrupt a system that was set up to help an embattled country."



**Rohullah Farooqi
Lodin**



**Hashmatullah
Farooqi**

SIGAR Investigation Reveals Fraud in Construction Project

As a result of an ongoing investigation, SIGAR uncovered contract-related fraud by a subcontractor on a major reconstruction project in the energy sector. SIGAR obtained documentary evidence that showed that this subcontractor had made false claims, falsified records, and conspired to defraud the U.S. government. Consequently, SIGAR issued an official referral for action to have the subcontractor suspended and debarred from further U.S. government contract work.

SIGAR OVERSIGHT

SIGAR Hotline

This quarter, SIGAR moved the Hotline to the Criminal Investigations Directorate to streamline operations and better evaluate complaints. SIGAR intends to raise awareness of the Hotline in the United States and Afghanistan and expand opportunities for individuals to report allegations of fraud, waste, and abuse in the reconstruction program.

Hotline complaints can be lodged by telephone, on the SIGAR Web site (www.sigar.mil/fraud), by letter, or in person. During this reporting period, SIGAR received 13 complaints via the Hotline. Since the Hotline's launch in May 2009, SIGAR has received a total of 86 complaints. Allegations have included theft, contract fraud, unfair hiring, non-payment for goods and services delivered, retaliation against whistleblowers, and waste of reconstruction funds. SIGAR has referred 32 of these complaints to the appropriate agencies' inspectors general and is looking into 29 other complaints. SIGAR has determined that 25 of these complaints had no merit.

SIGAR BUDGET

Since the appointment of the Inspector General in July 2008, the Congress has appropriated \$23.2 million to SIGAR. This includes \$7.2 million, which was provided in June 2009 as part of the FY 2009 supplemental appropriation and is available for 16 months. SIGAR's FY 2010 appropriation is \$23 million. Combined with the \$7.2 million from the supplemental appropriation, SIGAR has a total of \$30.2 million for FY 2010. This funding enables SIGAR to expand its staff and operations to meet the increasing need for oversight to detect and deter fraud, waste, and abuse of U.S. reconstruction funds in Afghanistan. Table 2.1 provides a funding summary.

TABLE 2.1

SIGAR FUNDING SUMMARY (\$ MILLIONS)					
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	\$2.0
Supplemental Appropriations for Fiscal Year 2008, H.R. 2642	P.L. 110-252	6/30/2008	10/1/2008	9/30/2009	\$5.0
Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009	P.L. 110-329	9/30/2008	9/30/2008	9/30/2010	\$9.0
Supplemental Appropriations for Fiscal Year 2009, H.R. 2346	P.L. 111-32	6/24/2009	6/24/2009	9/30/2010	\$7.2
Consolidated Appropriations Act, 2010, H.R. 3288	P.L. 111-117	12/16/2009	10/1/2009	9/30/2010	\$23.0
Total					\$46.2

SIGAR STAFF

During this reporting period, SIGAR increased the number of its federal employees from 57 to 72. They include 67 professionals hired under the 3161 authority, 3 on detail from DoD, and 2 foreign service nationals in Kabul. Next quarter, SIGAR expects to hire another 15 employees. To provide effective oversight of the expanding reconstruction program, SIGAR plans to expand its staff to 118 during FY 2010 and 132 in FY 2011.

New hires this quarter included four special agents, six auditors, and one engineer. The special agents have extensive criminal investigative experience in procurement and contract fraud. All four—one special agent of the Department of Interior, one special agent of the Special Inspector General for Iraq Reconstruction (SIGIR), and one former assistant special agent in charge and one supervisory special agent of the Federal Bureau of Investigation—have been deployed to Afghanistan or are in the process of being deployed. At the end of this quarter, the Criminal Investigations Division had 14 staff; it expects to hire an additional 9 during FY 2010.

SIGAR hired 6 new auditors and 1 engineer this quarter; the Audit Directorate now comprises 28 people. The new employees came from GAO, the World Bank, SIGIR, and USAID. By the end of FY 2010, SIGAR intends to have more than 50 auditors on board.

Under its current agreement with the U.S. Embassy in Kabul, SIGAR can station up to 32 staff at the Embassy and three satellite offices in Afghanistan. SIGAR is working with the Embassy to expand the office's presence and to staff additional locations in Afghanistan. As of this report, approximately 75% of SIGAR staff members in Afghanistan are permanently based in the country. SIGAR uses the remaining staff spaces to deploy auditors and investigators on temporary duty to conduct specific missions. Once they complete their work in Afghanistan, these individuals return to SIGAR headquarters to finalize their written reports.

Alternative Crops

A father and his children sell pomegranates at a market. Pomegranates are among the traditional Afghan crops that are high-value alternatives to poppy. (UNODC photo)

3 RECONSTRUCTION UPDATE



“[The Afghan] people have the right to enjoy security and a comfortable life with a democratically elected system of governance. Recognizing this right of my people, in the next five years, I want Afghanistan to become a country that is capable of defending itself, and where peace reigns across the whole nation.”

—*Afghan President Hamid Karzai*

OVERVIEW

Section 3 presents a holistic view of U.S. reconstruction efforts in Afghanistan, including an update on challenges and local initiatives. This review of the conditions in the country provides a broad context for the accomplishments and challenges experienced during reconstruction.

The section is divided into five subsections: Status of Funds; Security; Governance, Rule of Law, and Human Rights; Economic and Social Development; and Counter-Narcotics. The Security, Governance, and Economic and Social Development subsections mirror the three pillars set forth in the Afghanistan National Development Strategy (ANDS). The Counter-Narcotics subsection focuses on a cross-cutting issue identified in the ANDS. The Graphics Key at the end of this overview identifies how graphics are used throughout this section.

TOPICS

Section 3 discusses five broad topics: historical and current funding information, security conditions, governance activities, economic and social development programs, and counter-narcotics initiatives. Quarterly highlights dispersed throughout this section accent a single topic related to reconstruction efforts within a specific subsection.

The Status of Funds subsection provides a comprehensive discussion of the monies pledged and spent for Afghanistan reconstruction. It also includes specific information on major U.S. funds, international contributions, and the budget of the Government of the Islamic Republic of Afghanistan (GIROA). A quarterly highlight provides context about GIROA financing.

The Security subsection details the activities of the Afghan National Security Forces, including the Afghan National Army and the Afghan National Police, and discusses U.S. and international efforts to bolster security in Afghanistan. A quarterly highlight discusses improvised explosive devices, the greatest cause of loss of life in Afghanistan.

The Governance, Rule of Law, and Human Rights subsection provides an overview of the GIROA's efforts and progress toward achieving good governance. It presents a comprehensive overview of progress in justice reform, anti-corruption efforts, and aspects of religious freedom. This subsection concludes with a discussion of the work of Provincial Reconstruction Teams (PRTs) throughout the country.

The Economic and Social Development subsection focuses on reconstruction activities in areas ranging from agriculture to transportation to health services. It provides a snapshot of the state of the economy and updates on the progress

being made in delivering essential services, boosting agricultural output, and growing the private sector. A quarterly highlight describes the Afghan economy and its unique challenges.

The Counter-Narcotics section describes efforts to reduce the prevalence of narcotics in the Afghan economy. It provides updates on progress in achieving poppy-free provinces, alternative development programming, and capacity development to conduct counter-narcotics work. This subsection highlights U.S. and Afghan joint efforts to combat the drug trade and discusses the challenges impeding the success of those efforts.

METHODOLOGY

Section 3 was created using information and data from public sources in addition to information provided from U.S. agencies. Except where SIGAR audits or investigations are specifically referenced, SIGAR has not audited this data; the information does not reflect SIGAR's opinions. All data and information is attributed to the reporting organization in endnotes to the text or notes to the tables and figures. For a complete discussion of SIGAR audits and investigations during this quarter, see Section 2, "SIGAR Oversight."

Data Call

The data call is a series of questions directed to U.S. agencies about their contributions and involvement in reconstruction programming, and the state of affairs in Afghanistan. The U.S. agencies that participated in the data call for this quarterly report include the following:

- Department of State
- Department of Defense
- U.S. Agency for International Development
- Department of the Treasury
- Overseas Private Investment Corporation

A preliminary draft of the report was provided to the responding agencies prior to publication to allow these agencies to verify and clarify the content of this section.

Open-Source Research

Open-source research draws on the most current, publicly available data from reputable sources. A representative list of sources used in this quarterly report includes the following:

- White House
- U.S. agencies represented in the data call
- United Nations (and relevant branches)
- International Monetary Fund
- World Bank
- International Security Assistance Force

Most of the open-source research is included in the preliminary draft that is distributed to agencies participating in the data call for review before this report is published.

GRAPHICS KEY

UNDERSTANDING THE GRAPHICS

All figures and tables report information for the quarter (October 1 to December 31, 2009), except where identified in titles or notes.

BAR CHARTS

This report discusses many funds and projects with dollar values ranging from millions to billions. To provide an accurate graphical representation of these numbers, some bar graphs appear with a break (a wavy line) to indicate a jump between zero and a higher number.



PROVINCE MAPS

Province maps indicate locations discussed in the text. Referenced provinces are highlighted.



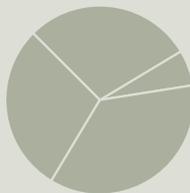
DISTINGUISHING BILLIONS AND MILLIONS

Because this report details funding in both billions and millions of dollars, it uses a visual cue to distinguish the two measurement units. Dollars reported in billions are represented in blue, and dollars reported in millions are depicted in brown.

Pie Chart in Billions



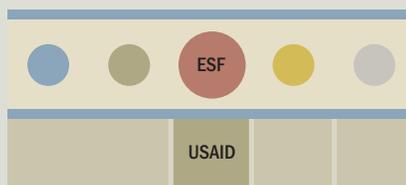
Pie Chart in Millions



FUNDING MARKERS

Funding markers identify individual funds discussed in the text. The agency responsible for managing the fund is listed in the tan box below the fund name.

These markers are displayed in the margin.



ANDS GRAPHIC

This graphic represents the three pillars of the ANDS and the six cross-cutting issues affecting them. Throughout this section, the pillar or cross-cutting issue being discussed is highlighted in the margin.

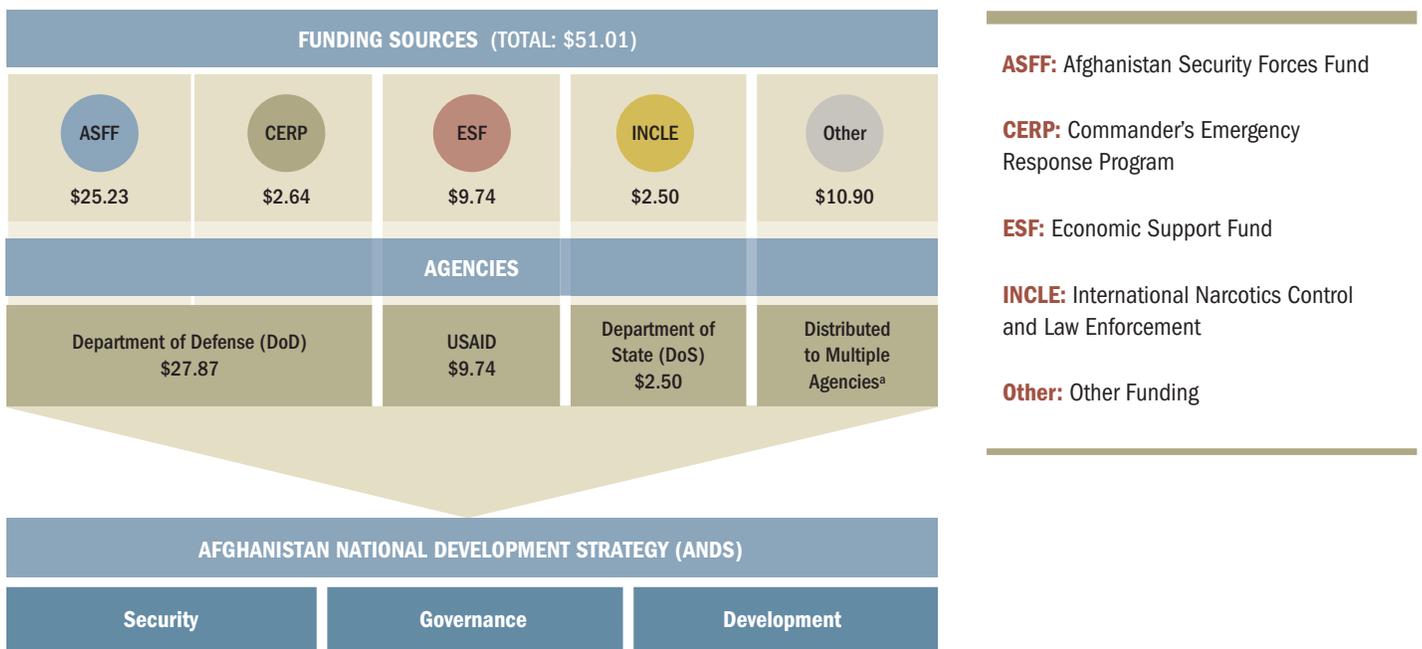
	SECURITY	GOVERNANCE	DEVELOPMENT
REGIONAL COOPERATION			
COUNTER-NARCOTICS			
ANTI-CORRUPTION			
GENDER EQUALITY			
CAPACITY			
ENVIRONMENTAL			

STATUS OF FUNDS

As of December 31, 2009, the United States had appropriated approximately \$51.01 billion for relief and reconstruction in Afghanistan since FY 2002. This cumulative funding total is based on data reported by agencies and amounts appropriated in FY 2010, as shown in Appendix B. This total has been allocated as follows: \$26.75 billion for security, \$14.75 billion for governance and development, \$3.75 billion for counter-narcotics efforts, \$2.05 billion for humanitarian aid, and \$3.72 billion for oversight and operations. Figure 3.1 provides an overview of the major U.S. funds that contribute to these efforts.

FIGURE 3.1

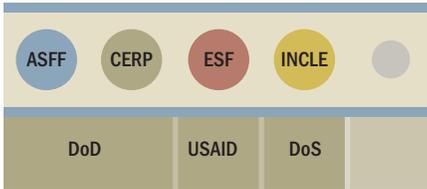
U.S. FUNDS SUPPORTING AFGHANISTAN RECONSTRUCTION EFFORTS (\$ BILLIONS)



Notes: Numbers affected by rounding. a. DoJ, DoD, DoS, Treasury, USDA, USAID, and other agencies.

Sources: OMB, response to SIGAR vetting, 1/21/2010; OMB, response to SIGAR data call, 1/8/2010; DoD, responses to SIGAR data call, 1/13/2010, 1/12/2010, 1/6/2010, 10/14/2009 (preliminary numbers), and 10/1/2009; FY 2010 DoD Appropriations Act Explanatory Statement; USAID, responses to SIGAR data call, 1/15/2010, 1/8/2010, and 10/9/2009; DoS, responses to SIGAR data call, 1/8/2010 and 10/16/2009; DoT, response to SIGAR data call, 1/6/2010; DoJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009.

STATUS OF FUNDS



The amounts provided by the four major U.S. funds represent 78.6% (\$40.11 billion) of reconstruction assistance in Afghanistan since 2002. Of this amount, 72.1% (\$28.91 billion) has been obligated, and 62.8% (\$25.20 billion) has been disbursed. The following pages provide additional details on these funds.

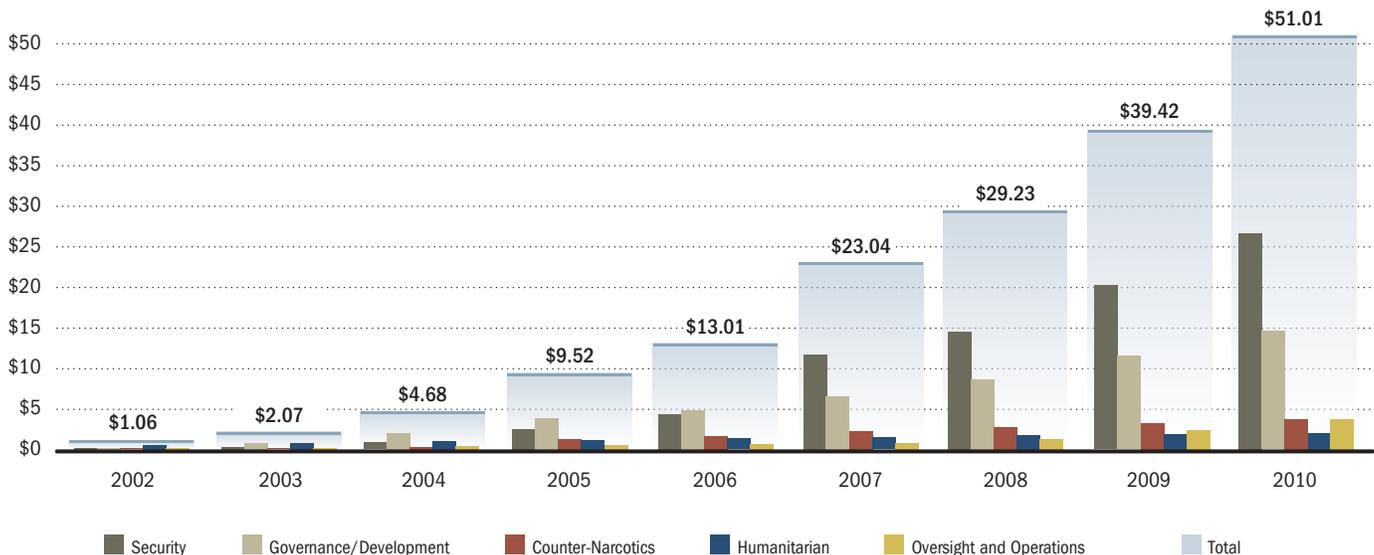
U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of December 31, 2009, cumulative appropriations for relief and reconstruction in Afghanistan amounted to approximately \$51.01 billion. This total can be divided into five major categories of reconstruction funding: Security, Governance and Development, Counter-Narcotics, Humanitarian, and Oversight and Operations. Figure 3.2 displays cumulative appropriations by funding category. Previously reported cumulative funding totals reflect updated agency data. For complete information regarding U.S. appropriations, see Appendix B.

From FY 2009 to FY 2010, cumulative appropriations increased by 29.4%—from \$39.42 billion in FY 2009 to \$51.01 billion in FY 2010. Security efforts have received the largest cumulative appropriations. Appropriations for security (\$26.75 billion) account for 52.4% of total U.S. reconstruction assistance. In FY 2010, security had the largest gain in cumulative appropriations (32.6%) over FY 2009, followed by governance and development, which had an increase of 27.6% in cumulative appropriations.

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY AS OF DECEMBER 31, 2009 (\$ BILLIONS)



Note: Numbers affected by rounding.

Sources: OMB, response to SIGAR vetting, 1/21/2010; OMB, response to SIGAR data call, 1/8/2010; DoD, responses to SIGAR data call, 1/13/2010, 1/12/2010, 1/6/2010, 10/14/2009 (preliminary numbers), and 10/1/2009; FY 2010 DoD Appropriations Act Explanatory Statement; USAID, responses to SIGAR data call, 1/15/2010, 1/8/2010, and 10/9/2009; DoS, responses to SIGAR data call, 1/8/2010 and 10/16/2009; DoT, response to SIGAR data call, 1/6/2010; DoJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009.

STATUS OF FUNDS

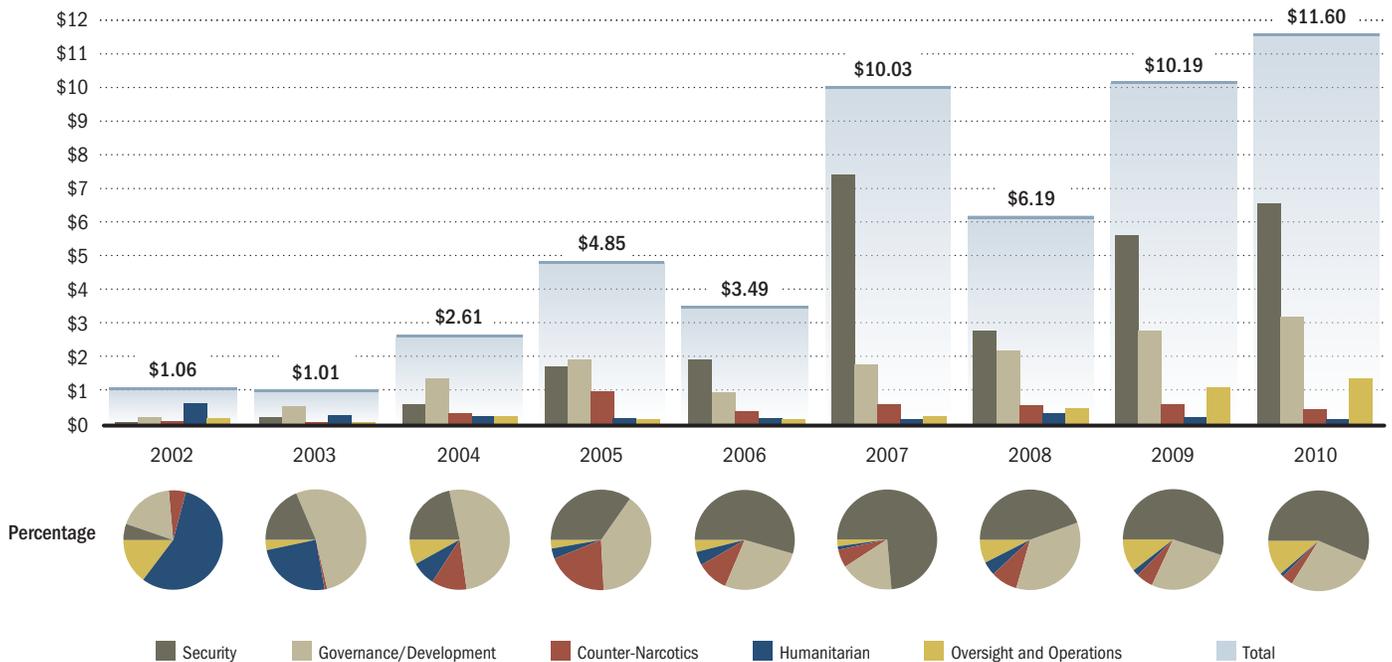
In FY 2010, almost \$11.60 billion was appropriated for Afghanistan reconstruction efforts, surpassing FY 2009 levels by 13.8%. This is the highest amount appropriated in a single year for the reconstruction effort in Afghanistan since 2002.

FY 2010 appropriations for security increased by 16.9% over FY 2009 appropriations, to more than \$6.56 billion. Of the total appropriations for FY 2010, security initiatives account for 56.6%, followed by governance and development activities with 27.5%. Appropriations in FY 2010 for security are the second-highest appropriations made in a single year; the highest (\$7.41 billion) occurred in FY 2007.

Figure 3.3 displays annual appropriations by funding category from FY 2002 to FY 2010. The bars represent the amount appropriated by category, and the pie charts represent the proportion appropriated by category. These figures reflect amounts as reported by the respective agencies, the Office of Management and Budget (OMB), the FY 2010 Department of Defense Appropriations Act (FY 2010 DoD Appropriations Act), and the FY 2010 Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act (FY 2010 Consolidated Appropriations Act).

FIGURE 3.3

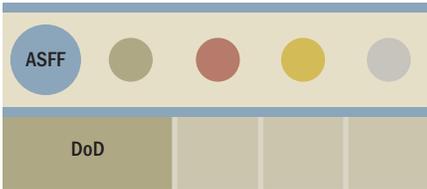
APPROPRIATIONS BY FISCAL YEAR, AMOUNT, AND PERCENTAGE (\$ BILLIONS)



Note: Numbers affected by rounding.

Sources: OMB, response to SIGAR vetting, 1/21/2010; OMB, response to SIGAR data call, 1/8/2010; DoD, responses to SIGAR data call, 1/13/2010, 1/12/2010, 1/6/2010, 10/14/2009 (preliminary numbers), and 10/1/2009; FY 2010 DoD Appropriations Act Explanatory Statement; USAID, responses to SIGAR data call, 1/15/2010, 1/8/2010, and 10/9/2009; DoS, responses to SIGAR data call, 1/8/2010 and 10/16/2009; DoT, response to SIGAR data call, 1/6/2010; DoJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009.

STATUS OF FUNDS



ASFF FUNDS TERMINOLOGY

DoD reported ASFF funds as available, obligated, or disbursed.

Available: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: DoD, response to SIGAR data call, 1/13/2010.

AFGHANISTAN SECURITY FORCES FUND

The Combined Security Transition Command - Afghanistan (CSTC-A) is the primary organization responsible for building the Afghan National Security Forces (ANSF).¹⁰ CSTC-A uses ASFF monies to provide the ANSF with equipment, supplies, services, and training, as well as facility and infrastructure repair, renovation, and construction.¹¹

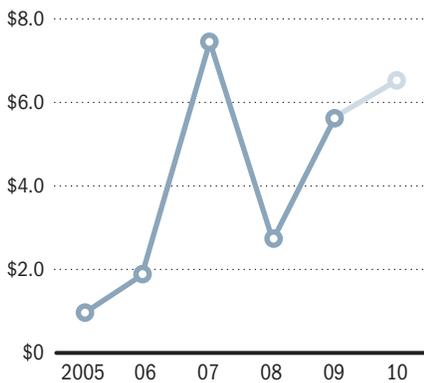
Status of Funds

The FY 2010 DoD Appropriations Act—signed by the U.S. President on December 19, 2009—provides more than \$6.56 billion for ASFF. This brings the cumulative total funding for ASFF to \$25.23 billion—approximately 49.5% of total U.S. reconstruction assistance in Afghanistan.¹² As of December 31, 2009, DoD reported that \$18.67 billion has been made available, of which more than \$17.76 billion had been obligated, and almost \$17.55 billion disbursed. Figure 3.4 displays the amounts made available for the ASFF by fiscal year.¹³

From September 30 to December 31, 2009, DoD obligated approximately \$460.06 million and disbursed almost \$970.49 million to support ANSF initiatives.¹⁴ Figure 3.5 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.4

ASFF AVAILABLE FUNDS BY FISCAL YEAR
(\$ BILLIONS)

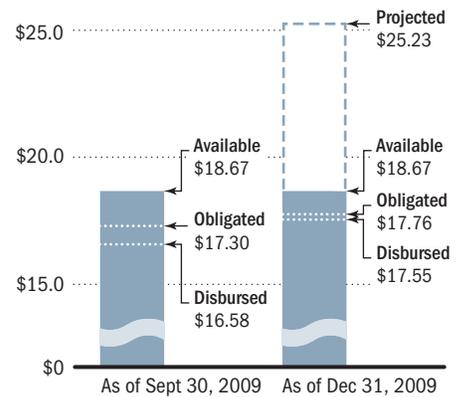


Notes: Numbers affected by rounding. ASFF funding terms (available, obligated, disbursed) and amounts for FY 2005–2009 reported as provided by DoD.

Sources: DoD, response to SIGAR data call, 1/13/2010; OMB, response to SIGAR data call, 1/21/2010.

FIGURE 3.5

ASFF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Notes: Numbers affected by rounding. ASFF funding terms (available, obligated, disbursed) and amounts reported as provided by DoD except as specified.

Sources: OMB, response to SIGAR data call, 1/21/2010; DoD, responses to SIGAR data call, 10/9/2009 and 1/13/2010.

STATUS OF FUNDS

ASFF BUDGET ACTIVITIES

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

- Defense Forces (Afghan National Army, or ANA)
- Interior Forces (Afghan National Police, or ANP)
- Related Activities (primarily Detainee Operations)

Funds for each budget activity group are further allocated to **sub-activity groups**: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment.¹⁵

Funding by Budget Activity Group

As of December 31, 2009, almost \$17.55 billion had been disbursed. Of this amount, more than \$11.47 billion (65.4%) was disbursed for the ANA and more than \$6.00 billion (34.2%) for the ANP; the remaining \$0.07 billion (0.42%) was directed toward other related activities.¹⁶

As shown in Figure 3.6, most of the funds for the ANA were disbursed for Equipment and Transportation (more than \$4.95 billion), followed by Sustainment activities (more than \$2.99 billion). Most of the funds for the ANP were disbursed for Sustainment activities (almost \$1.68 billion), followed by Infrastructure initiatives (more than \$1.59 billion), as shown in Figure 3.7.¹⁷

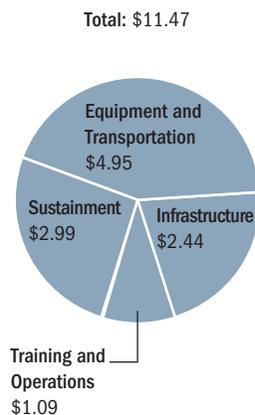
Budget Activity Groups: Categories within each appropriation or fund account that identify the purposes, projects, or types of activities financed by the appropriation or fund

Sub-Activity Groups: Accounting groups that break down the command's disbursements into functional areas

Source: DoD, "Manual 7110.1-M Department of Defense Budget Guidance Manual," accessed 9/28/2009; Department of the Navy, "Medical Facility Manager Handbook," accessed 10/2/2009, p. 5.

FIGURE 3.6

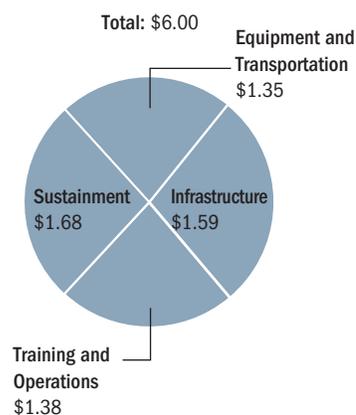
ASFF DISBURSEMENTS FOR THE ANA
By Sub-Activity Group,
FY 2005–December 2009 (\$ BILLIONS)



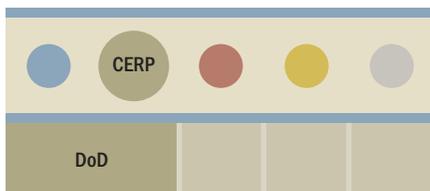
Notes: Numbers affected by rounding. Numbers are as of 12/31/2009. ASFF funding terms (available, obligated, disbursed) reported as provided by DoD except as specified.
Source: DoD, response to SIGAR data call, 1/13/2010.

FIGURE 3.7

ASFF DISBURSEMENTS FOR THE ANP
By Sub-Activity Group,
FY 2005–December 2009 (\$ BILLIONS)



Notes: Numbers affected by rounding. Numbers are as of 12/31/2009. ASFF funding terms (available, obligated, disbursed) reported as provided by DoD except as specified.
Source: DoD, response to SIGAR data call, 1/13/2010.



CERP FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: DoD, response to SIGAR data call, 1/21/2010.

COMMANDER'S EMERGENCY RESPONSE PROGRAM

The Commander's Emergency Response Program (CERP) enables U.S. commanders in Afghanistan to respond to urgent humanitarian relief and reconstruction requirements in their areas of responsibility by supporting programs that will immediately assist the local population. Funding under this program is intended for small-scale projects that cost less than \$500,000 each. Projects that cost more than \$2 million are permitted but require approval from the Commander of U.S. Central Command.¹⁸

Status of Funds

The FY 2010 DoD Appropriations Act provides \$1.00 billion for CERP to promote and support development activities. This brings the cumulative total funding for CERP to \$2.64 billion—approximately 5.2% of total U.S. reconstruction assistance in Afghanistan.¹⁹ As of December 31, 2009, DoD reported that more than \$1.65 billion has been appropriated, of which more than \$1.59 billion had been obligated, and more than \$1.06 billion disbursed. Figure 3.8 shows CERP appropriations by fiscal year.²⁰

Updated data from DoD reflected a nearly \$20 million decrease in obligations from the obligation figure reported as of September 30, 2009. From September 30, 2009, to December 31, 2009, DoD disbursed more than \$102.52 million.²¹ Figure 3.9 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for CERP projects.

CERP Reporting Requirements

An explanatory statement from the House Committee on Appropriations for the FY 2010 DoD Appropriations Act indicated that DoD needs to “greatly improve its management and oversight and its justifications of CERP budget requests.” According to the statement, although DoD plans to increase the use of CERP funds in Afghanistan, the House Committee on Appropriations is concerned that DoD may not have enough qualified personnel to conduct oversight and management of these increased funds.²²

To address these concerns, the FY 2010 DoD Appropriations Act requires the Secretary of Defense to submit quarterly reports discussing the source, allocation, and use of CERP funds during that quarter. Furthermore, of the funds made available, \$500 million will be withheld until five days after the Secretary of Defense conducts a thorough review of the CERP and submits a report detailing findings to the congressional defense committees.²³

STATUS OF FUNDS

One-Year Extension and Expansion of CERP

The National Defense Authorization Act for FY 2010 extended and expanded the authority for the use of CERP funds for one fiscal year. As outlined in the legislation, the Secretary of Defense may transfer funds to the Secretary of State to support the **Afghanistan National Solidarity Program**. This authority is given only if the Secretary of Defense determines that such a transfer would “enhance counterinsurgency operations or stability operations in Afghanistan.” Amounts transferred under this authority may not exceed \$50 million.²⁴

This legislation also provides authority for reintegration activities. Specifically, CERP funds may be used for the “reintegration into Afghan society of those individuals who have renounced violence against the Government of Afghanistan.” The extension and expansion of the use of CERP funds is set to expire on September 30, 2010.²⁵

Afghanistan National Solidarity Program:

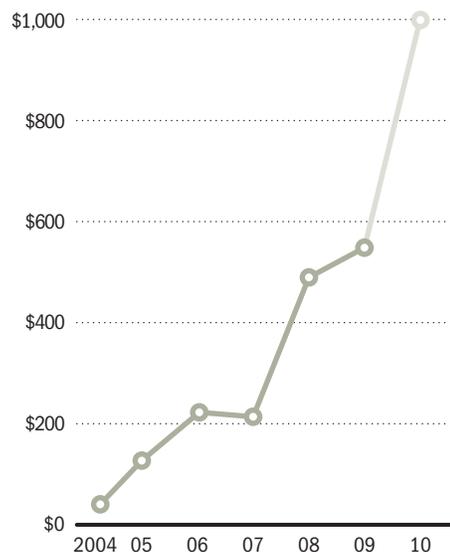
A program created in 2003 by the GIRoA to develop the ability of Afghan communities to identify, plan, manage, and monitor their own development projects

Source: MRRD, “National Solidarity Programme,” accessed online 12/14/2009.

FIGURE 3.8

CERP APPROPRIATIONS BY FISCAL YEAR

(\$ MILLIONS)



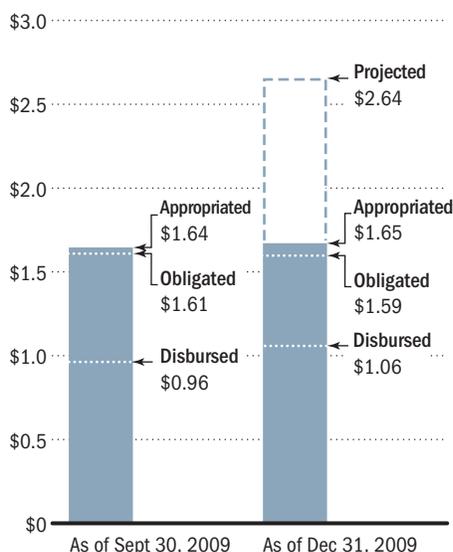
Notes: Data may include inter-agency transfers. Numbers affected by rounding. CERP funding terms (appropriated, obligated, disbursed) and amounts reported as provided by DoD for FY 2004–2009.

Sources: House of Representatives, Committee on Appropriations, “Division A, DoD Appropriations Act, Fiscal Year 2010,” p. 405; DoD, response to SIGAR data call, 1/13/2010; OMB, response to SIGAR data call, 1/21/2010.

FIGURE 3.9

CERP FUNDS, CUMULATIVE COMPARISON

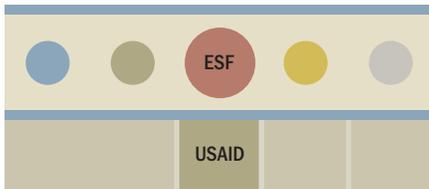
(\$ BILLIONS)



Notes: Numbers affected by rounding. CERP funding terms (appropriated, obligated, disbursed) and amounts reported as provided by DoD except as specified. Updated data from DoD resulted in a lower obligation figure than that reported as of 9/30/09.

Sources: House of Representatives, Committee on Appropriations, “Division A, DoD Appropriations Act, Fiscal Year 2010,” p. 405; DoD, responses to SIGAR data call, 10/14/2009 and 1/13/2010; OMB, response to SIGAR data call, 1/21/2010.

STATUS OF FUNDS



ESF FUNDS TERMINOLOGY

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

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: USAID, response to SIGAR data call, 1/21/2010.

ECONOMIC SUPPORT FUND

Economic Support Fund (ESF) programs advance U.S. interests by helping countries meet short- and long-term political, economic, and security needs. ESF programs support counter-terrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.²⁶

Status of Funds

The FY 2010 Consolidated Appropriations Act provides almost \$2.04 billion for the ESF. This brings the cumulative total funding for the ESF to nearly \$9.74 billion—approximately 19.1% of total U.S. assistance to the reconstruction effort.²⁷ As of December 31, 2009, USAID reported that more than \$7.70 billion has been appropriated, of which more than \$7.53 billion had been obligated, and more than \$4.97 billion disbursed.²⁸ Figure 3.10 displays ESF appropriations by fiscal year. Since September 30, 2009, USAID has obligated almost \$560.18 million and disbursed almost \$382.13 million to support ESF programs.²⁹ Figure 3.11 provides a cumulative comparison of the amount of ESF funds appropriated, obligated, and disbursed.

FIGURE 3.10

ESF APPROPRIATIONS BY FISCAL YEAR

(\$ BILLIONS)



Notes: Data may include inter-agency transfers. Numbers affected by rounding. ESF funding terms (appropriated, obligated, disbursed) and amounts reported as provided by USAID for FY 2002–2009.

Sources: USAID, response to SIGAR data call, 1/15/2010; OMB, response to SIGAR data call, 1/21/2010.

FIGURE 3.11

ESF FUNDS, CUMULATIVE COMPARISON

(\$ BILLIONS)



Notes: Data may include inter-agency transfers. Numbers affected by rounding. ESF funding terms (appropriated, obligated, disbursed) and amounts reported as provided by USAID except as specified.

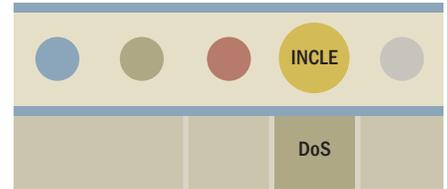
Sources: USAID, response to SIGAR data call, 1/15/2010; OMB, response to SIGAR data call, 1/21/2010.

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The Bureau of International Narcotics and Law Enforcement Affairs (INL) manages an account to advance rule of law and to combat narcotics production and trafficking—the International Narcotics Control and Law Enforcement (INCLE) account. INCLE supports several INL program groups, including police, counter-narcotics, and rule of law and justice.³⁰

Status of Funds

The FY 2010 Consolidated Appropriations Act provides \$0.42 billion for INCLE. This brings the cumulative total funding for INCLE to more than \$2.50 billion—approximately 4.9% of total U.S. reconstruction assistance in Afghanistan.³¹ As of December 31, 2009, INL reported that almost \$2.20 billion had been allotted, of which more than \$2.02 billion had been obligated, and more than \$1.61 billion liquidated. Figure 3.12 displays INCLE allotments by fiscal year.³² Since September 30, 2009, almost \$103.22 million has been obligated, and almost \$63.14 million has been liquidated.³³ Figure 3.13 provides a cumulative comparison of the amount of INCLE funds allotted, obligated, and liquidated.



INL FUNDS TERMINOLOGY

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

Allotments: Total monies available for commitments

Obligations: Commitments to pay monies

Liquidations: Monies that have been expended

Source: DoS, response to SIGAR data call, 1/21/2010.

FIGURE 3.12

INCLE ALLOTMENTS BY FISCAL YEAR
(\$ MILLIONS)

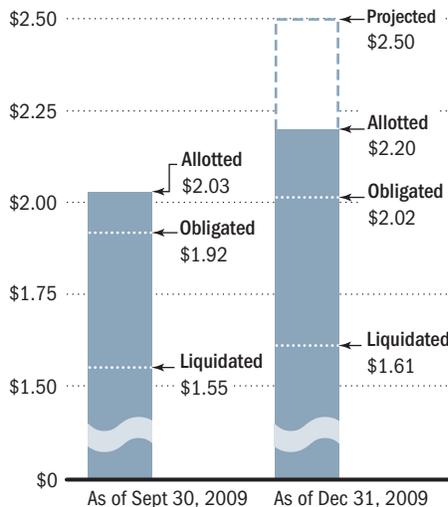


Notes: Data may include inter-agency transfers. Numbers affected by rounding. INCLE funding terms (allotted, obligated, liquidated) and amounts reported as provided by DoS and INL for FY 2002–2009.

Sources: DoS, response to SIGAR data call, 1/8/2010; OMB, response to SIGAR data call, 1/21/2010.

FIGURE 3.13

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Notes: Data may include inter-agency transfers. Numbers affected by rounding. INCLE funding terms (allotted, obligated, liquidated) and amounts reported as provided by DoS and INL except as specified.

Sources: DoS, responses to SIGAR data call, 7/10/2009 and 1/8/2010; OMB, response to SIGAR data call, 1/21/2010.

Funds allotted to the INCLE account support a variety of recipients. Allotments to each recipient category are as follows:

- 68% to domestic contractors
- 20% to GIROA ministries
- 7% to international (foreign) organizations
- 3% to U.S. government and quasi-governmental organizations
- 2% to U.S.-based non-governmental organizations

Note: Derived from informal data, as provided by DoS.

Sources: DoS, response to SIGAR vetting, 1/19/2010; DoS, response to SIGAR data call, 1/9/2010.

GIRoA RECONSTRUCTION FUNDING

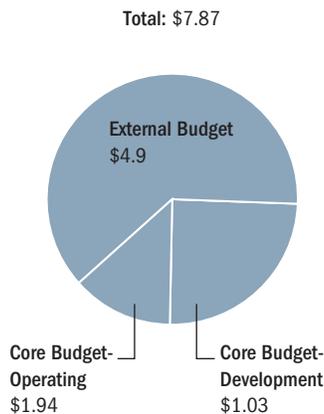
In addition to the international donations that the Government of the Islamic Republic of Afghanistan (GIRoA) receives for reconstruction efforts, the GIRoA also provides funding for that purpose. The Afghan Ministry of Finance (MoF) is responsible for the management and execution of the budget, which includes Afghan funds for reconstruction efforts. The MoF is also accountable for international funds that are routed through government ministries.³⁴

Domestic Budget and Budget Execution

As of December 31, 2009, the U.S. Department of the Treasury (Treasury) estimated the GIRoA budget for FY 2009/2010 to be \$7.87 billion. The budget is broken into two major categories: the \$2.97 billion core budget and the \$4.9 billion external budget.³⁵ Figure 3.14 displays a breakdown of budget amounts by category.

FIGURE 3.14

GIRoA BUDGET, 2009-2010 (\$ BILLIONS)



Notes: Numbers affected by rounding. External budget data reflects information provided as of 9/30/2009.

Sources: Treasury, responses to SIGAR data call, 1/5/2010 and 9/24/2009.

Core Budget

The core budget receives funding from multiple sources; trust funds constitute a significant portion of international contributions to the core budget. The core budget is further divided into two subcategories: the operating budget (\$1.94 billion) and the development budget (\$1.03 billion). At the end of the third quarter of Afghanistan's fiscal year, disbursement rates for the core budget stood at 52%. Low disbursement rates are attributed to low capacity in the line ministries and a poor security environment, as reported by Treasury.³⁶

OPERATING BUDGET

As of November 2009, Treasury reported that of the \$1.94 billion budgeted for FY 2009/2010 operating expenditures, \$1.20 billion had been allotted, and \$994 million of that amount had been disbursed. According to Treasury, the GIRoA executed 100% of its operating budget, which primarily covers recurrent costs such as wages and salaries.³⁷

DEVELOPMENT BUDGET

Treasury also reported that of the \$1.03 billion budgeted for FY 2009/2010 development efforts, \$773 million has been allotted and \$541 million of that amount has been disbursed. According to Treasury, the GIRoA has trouble executing its development budget.³⁸

External Budget

For FY 2009/2010, the GIRoA's external budget was approximately \$4.9 billion. The external budget is composed primarily of security expenses, though some development funding is included. The external budget is entirely dependent on international assistance.³⁹

STATUS OF FUNDS

International Contributions to Afghanistan Reconstruction

According to the November 2009 Donor Financial Review (DFR), 47 countries have provided assistance to Afghanistan since 2002.⁴⁰ As of August 2009, international pledges amounted to approximately \$62 billion. Of this amount, roughly \$46 billion had been committed and approximately \$36 billion disbursed.⁴¹

Because of significant concerns regarding capacity in Afghan government institutions, many international donors use trust funds as a method to provide assistance to Afghanistan, as noted in the DFR.⁴² Trust fund resources are used to finance both operating and development costs of the GIROA. Currently, three trust funds serve as the main sources of pooled funding:⁴³

- the Afghanistan Reconstruction Trust Fund (ARTF)
- the Law and Order Trust Fund for Afghanistan (LOTFA)
- the Counter-Narcotics Trust Fund (CNTF)

Some of the largest contributors to reconstruction in Afghanistan include the following:

- United States
- United Kingdom
- European Union
- World Bank
- Asian Development Bank

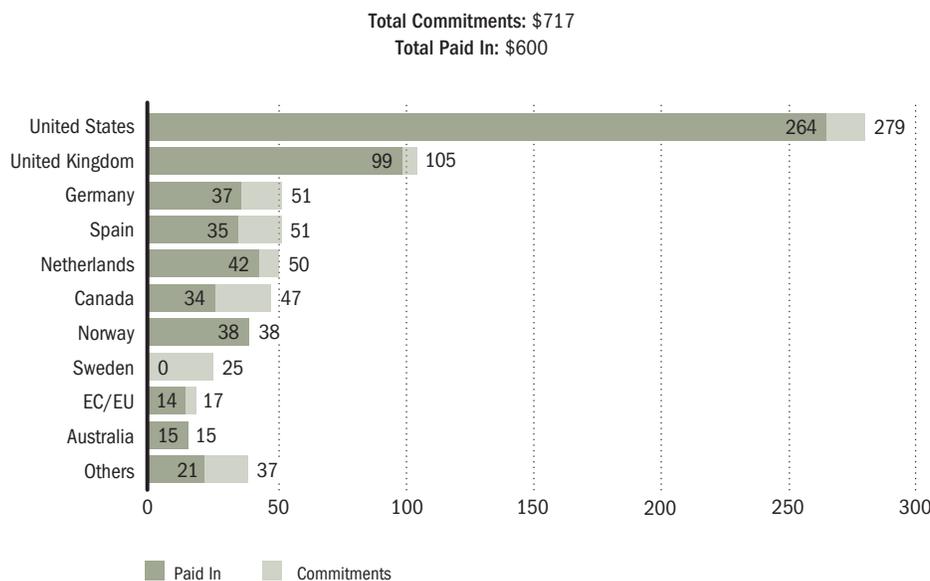
Source: MoF, "Donor Financial Review: Report 1388," 11/2009, p. 11.

Contributions to the Afghanistan Reconstruction Trust Fund

As of December 21, 2009, the World Bank reported that 32 international donors have contributed more than \$3.5 billion to the ARTF since 2002. This makes the ARTF the largest source of funds to the Afghan budget for operating and development costs.⁴⁴ Of these donors, approximately half contribute on an annual basis.⁴⁵ Figure 3.15 shows the amounts contributed by donors for 2009.

FIGURE 3.15

ARTF CONTRIBUTIONS FOR 2009, AS OF DECEMBER 21, 2009 (\$ MILLIONS)



Note: Numbers affected by rounding. EC/EU = European Commission/European Union.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of December 21, 2009," p. 1.

STATUS OF FUNDS

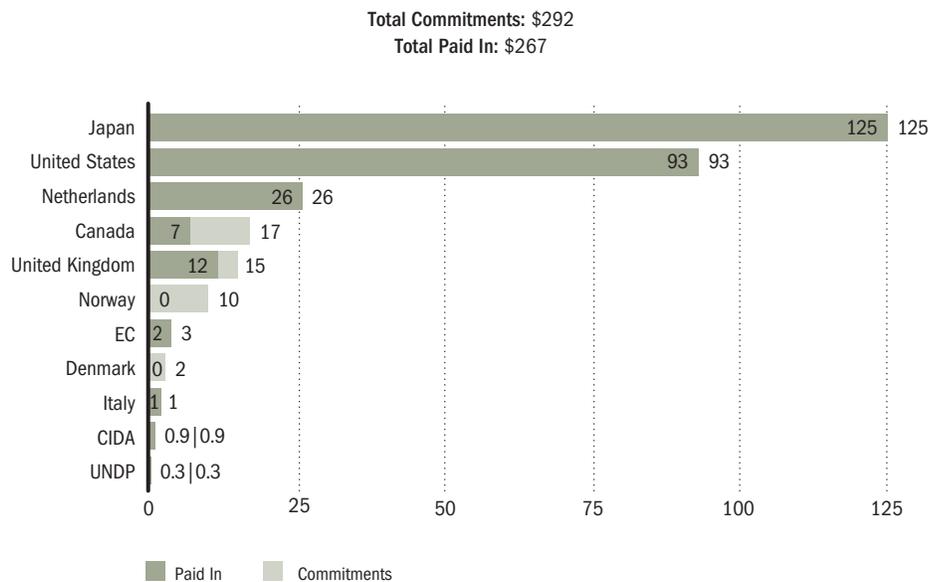
Twenty active projects were funded through the ARTF as of November 2009, according to the World Bank. International donors have committed approximately \$1.00 billion for these projects, of which \$761 million has been disbursed. Funds contributed to the ARTF are allocated to the Recurrent Cost (RC) Window and the Investment Window. The RC Window finances the operating costs of the government, and the Investment Window provides substantial support for the development budget. According to the World Bank, a total of \$1.80 billion has been disbursed through the RC Window since its inception to ensure the government's delivery of basic services such as education and health care. Investment Window commitments have increased substantially in the last two years; as of November 21, 2009, disbursement rates were at 74%.⁴⁶

Contributions to the LOTFA

The LOTFA is also a key contributor to the Afghan budget, according to the U.S. Agency for International Development (USAID). In 2009, international donors committed more than \$292 million to the LOTFA, of which almost \$267 million has been paid in.⁴⁷ Figure 3.16 displays 2009 contributions to the LOTFA by donor country. Administered by the United Nations Development Programme (UNDP), the LOTFA pools resources to be used in support of the ANP.

FIGURE 3.16

LOTFA CONTRIBUTIONS FOR 2009 (\$ MILLIONS)



Notes: Numbers affected by rounding. EC = European Commission. CIDA = Canadian International Development Agency. UNDP = United Nations Development Programme.

Source: USAID, response to SIGAR vetting, 1/15/2010.

STATUS OF FUNDS

The LOTFA finances recurrent expenditures and infrastructure projects for the ANP. The LOTFA is currently in its fifth implementation stage, which has the following priorities:⁴⁸

- payment of ANP salaries
- institutional development
- procurement, maintenance, and operations of non-lethal police equipment and supplies
- rehabilitation, maintenance, and operations of police facilities
- gender orientation (selection, recruitment, and training of police)
- payment of the salaries of uniformed personnel employed by the Central Prisons Department through specially earmarked contributions

Contributions to the Counter-Narcotics Trust Fund

According to the DFR, \$65 million has been paid in to the CNTF as of July 2009. Resources provided through the CNTF are used to finance major projects designed to achieve the National Drug Control Strategy.⁴⁹ Responsibility over the CNTF largely rests with the MoF and the Ministry of Counter-Narcotics, while the UNDP ensures effective and efficient delivery of funds under national leadership, according to the UNDP.⁵⁰ The CNTF had an initial end-date of December 2008, but because project activities were extended, the CNTF end-date was changed to December 31, 2009.⁵¹

Domestic Revenue

For FY 2009/2010, Treasury estimates the GIRoA's revenues to be almost \$1.09 billion—exceeding \$1 billion for the first time. This achievement is mainly attributed to improved tax collection, as reported by Treasury. Figure 3.17 provides a breakdown of domestic revenue for the GIRoA. Principal sources of revenue for the GIRoA include the following:⁵²

- corporate and sales taxes (46%)
- customs revenues (34%)
- non-tax revenue (20%)

According to Treasury, FY 2009/2010 corporate and sales tax revenue is expected to be \$500 million; customs revenue is expected to be \$374 million; and non-tax revenue is expected to be \$214 million. The GIRoA relies on donor grants to fund any core budget expenditures not covered by the domestic revenues.⁵³

FIGURE 3.17

GIRoA DOMESTIC REVENUE, 2009-2010 (\$ MILLIONS)



Note: Numbers affected by rounding.

Source: Treasury, response to SIGAR data call, 1/5/2010.

GIRoA FINANCING

The National Budget of the GIRoA is the central instrument used to finance implementation of the Afghanistan National Development Strategy (ANDS).⁵⁴ The availability of appropriate finance in support of the budget is essential to realize the goals outlined in the ANDS. Furthermore, prioritization of investment of the available domestic resources and donor financing will promote effective implementation of the ANDS, as noted in the “ANDS First Annual Report.”⁵⁵

The GIRoA has three primary sources of financing: domestic revenues, donor grants, and non-grant financing.⁵⁶

REVENUE COLLECTION

The GIRoA has been successful in surpassing the 7.3% goal laid out in the ANDS Annual Report. Increasing revenue collection is a priority for the GIRoA to further aid in the implementation of the ANDS, but meeting revenue targets and controlling expenditures continues to be difficult.⁵⁷ Domestic revenues finance only approximately 64% of operating expenditures, while external donors finance 100% of the development expenditures, as reported in the November 2009 Donor Financial Review (DFR).⁵⁸

“International aid providers need to improve resource effectiveness, to prevent squandering their taxpayers’ money, as well as to impart a good example for Afghanistan’s budgetary processes.”

—Antonio Maria Costa,
Executive Director, UNODC

Source: UNODC, “Corruption in Afghanistan: Bribery as reported by the victims,” 1/2010, p. 7.

Reforms and New Policies in Revenue Collection

The Minister of Finance has included in the budget a number of reforms to increase the revenue-generating ability of the GIRoA.⁵⁹ The International Monetary Fund (IMF) has reported the need for policy changes to meet expected fiscal targets.⁶⁰ Table 3.1 lists some of the ongoing and planned administrative reforms in revenue that are proposed in the budget.

The policy changes have two main objectives. First, the changes aim to reform the business receipts tax in preparation for its future replacement by a fully operational value-added tax. Second, the changes seek to

TABLE 3.1

ADMINISTRATIVE REFORMS	
Reforms	Description
Liquidation and Privatization of State-Owned Enterprises	Apply proceeds to past unpaid taxes for the respective enterprises and income tax liabilities that arise in respect to sale or transfer of assets under the liquidation process.
Review of Tax Exemptions of Donor Contractors/Subcontractors	Ensure that tax exemptions claimed by donors have been correctly applied in terms of overriding donor agreements.
Expanding the Large and Medium Taxpayer Offices (LTO, MTOs)	Increase staffing by 50% at both offices and establish five MTOs to strengthen capability.
Expanding the Tax Base Across Business Sectors	Address issues of non-compliance on a sector-by-sector basis.
Continuing to Roll Out the Implementation of ASYCUDA to Customs Border Posts	Strengthen the single registration body for investments and businesses that was established in 2008/2009.
Continuing to Assist Line Ministries in Collection of Revenues	Focus on increasing collection of overflight revenues, landing and parking fees, and departure fees.

Source: MoF, “Islamic Republic of Afghanistan: 1388 National Budget,” pp. 31–32.

simplify the tax system by rationalizing the range of fixed taxes and “nuisance” taxes collected by the MoF through the drafting of four laws in FY 2009, which together would constitute a tax code for Afghanistan:⁶¹

- a revised and simplified income tax law
- a new business receipts tax law
- a new tax administration law
- a new value-added tax law (set to replace the business receipts tax in 2011)

Challenges

According to the DFR, Afghanistan faces significant capacity and corruption issues that contribute to the reluctance of international donors to route funding through the GIRoA.⁶² The DFR noted that approximately 80% of external donor financing has bypassed the GIRoA and has been implemented directly by donors.⁶³ The remaining 20% has been routed through the GIRoA; that amount includes assistance channeled through trust funds.⁶⁴ The direct implementation of assistance by donors reduces the impact and effectiveness of aid, according to the DFR, because lack of consultation with the GIRoA has often resulted in donors funding activities that are not GIRoA priorities.⁶⁵ For assistance to be effective, the DFR stated that the GIRoA must be involved in the allocation of resources and that donors need to increase their willingness to consider GIRoA priorities when contributing aid to specific activities.⁶⁶

The DFR noted that corruption is a prevalent issue in Afghanistan and that the GIRoA is implementing measures to address it. Specifically, an international standard public finance system has been established. In addition, the implementation of the Public Finance and Expenditure Management Law in 2005 and its regulations in 2006 have helped to strengthen budgetary processes. Furthermore, assessments of the GIRoA's vulnerability to corruption have helped pinpoint areas with high corruption risk and have led to actions to mitigate those risks.⁶⁷

Risks and Uncertainties

One of the most significant risks to more stable financing mechanisms for the GIRoA is the security situation, as noted in the FY 2009/2010 National

Budget. Insecurity dramatically hinders the collection of revenue and promotes the continuation of “nuisance” taxes. The current state of security inhibits the growth of trade and limits the growth of the productive economy.⁶⁸

The FY 2009/2010 National Budget also identified a concern about the level of continued funding provided through the ARTF RC Window; donors and the GIRoA agreed to reduce contributions by \$25 million each year beginning in 2009. The ARTF RC Window is the main funding mechanism for the operating budget. Losing a substantial amount of operating financing would create “pressure on the prioritization of available resources in an environment where everything is a priority,” according to the FY 2009/2010 National Budget.⁶⁹

Currently, there are no proposals for new sources of revenue, as indicated in the FY 2009/2010 National Budget. This forces the government to rely on customs and tax revenues, further straining the revenue base. Furthermore, this additional pressure on the existing revenue base forces the revenue agencies to meet or exceed defined targets.⁷⁰

“Experience has shown that increased information sharing serves the interest of the entire international community—not only Afghanistan. Development assistance is effective when we work together on the basis of the five principles of [the] Paris Declaration on Aid Effectiveness: Ownership; Alignment; Harmonization; Managing for Results; and Mutual Accountability.”

—Dr. Omar Zakhailwal,
Minister of Finance and
Senior Economic Advisor

Source: MoF, “Donor Financial Review: Report 1388,” 11/2009, p. 1.

SECURITY

On December 1, 2009, the U.S. President announced the way forward in Afghanistan. Part of the new strategy emphasizes reversing the momentum of the Taliban and building local security capacity.⁷¹ The U.S. Secretary of Defense reported that this strategy seeks to achieve these goals:⁷²

- reversing the momentum of the Taliban through sustained military action and by denying them access to key population centers and communication lines
- disrupting the Taliban outside secured areas and preventing al-Qaeda from regaining sanctuary in Afghanistan
- degrading the Taliban to levels manageable by the Afghan National Security Forces (ANSF) and building the capability of the ANSF and local security forces, to begin transitioning responsibility for security to the Afghans in 18 months
- building capacity in key ministries of the Government of the Islamic Republic of Afghanistan (GIROA)

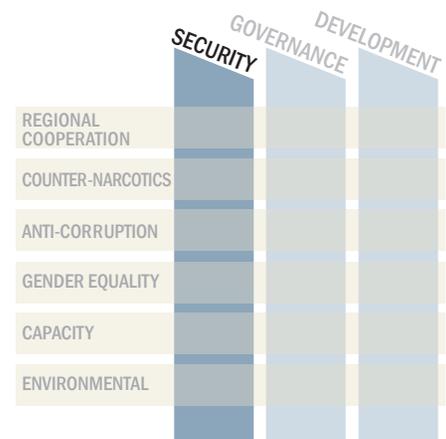
The Secretary of Defense reported that going forward, more leadership will be given to Afghans, and work will flow through Afghan structures.⁷³ In December 2009, the Secretary-General of the United Nations (UN) asserted that the GIROA will have to implement political reforms that focus on the root cause of insurgency—through improved governance and a political process to establish peace.⁷⁴ This section describes the status of the security efforts under way.

SECURITY GOALS

The Afghan National Development Strategy (ANDS) provides metrics to measure progress related to security. The status of progress toward those security goals is shown in Table 3.2 on the following page. Since last quarter, the Afghan National Police (ANP) has made the greatest progress toward its ANDS goal, growing from 81,509 personnel last quarter to 94,958 this quarter—an increase of approximately 16.5%.⁷⁵

Security Update

On December 28, 2009, the UN Secretary-General reported that in the last quarter the security situation in Afghanistan had deteriorated.⁷⁶ The abilities of the ANSF remain inadequate, according to the UN Secretary-General, and a clear framework to define their roles and functions has yet to be developed.⁷⁷ Insurgents used improvised explosive devices (IEDs) more often during the quarter, and



SECURITY

TABLE 3.2

STRATEGIC PRIORITIES FOR SECURITY				
ANDS Security Pillar	ANDS Target	Current Target	Status	ANDS Completion Date
Afghan National Army	80,000 troops (plus 6,600 in training)	134,000 troops (by September 2010)	100,131 troops	End of 2010
Afghan National Police	82,180 professional policemen	109,000 professional policemen (by September 2010)	94,958 professional policemen	End of 2010
Disarmament of Illegal Armed Groups	All illegal armed groups disbanded in all provinces		88 of 132 DIAG targeted districts declared compliant	March 20, 2011
Removing Unexploded Ordnance	Land area contaminated by mines and unexploded ordnance reduced by 70%		ANDS Update: 25% of target area cleared	End of 2010
	90% of all known mine- or explosive remnants of war (ERW)-contaminated areas cleared		DoS: 1.70 billion square meters cleared, 690 million square meters remain	2012
	All emplaced anti-personnel mines cleared			2013
Counter-Narcotics ^a	Areas under poppy cultivation reduced by half compared with 2007 levels		Areas under poppy cultivation reduced by 36% compared with 2007 levels	2013

Note: Numbers affected by rounding. a. For more detail on the counter-narcotics metric, see the "Counter-Narcotics" section.

Sources: GfRA, "Afghanistan National Development Strategy, Executive Summary," p. 6; CSTC-A, responses to SIGAR data call, 1/4/2010 and 10/2/2009; DoD, "Progress Toward Security and Stability in Afghanistan," 6/2009, p. 28; GfRA, "ANDS First Annual Report 1387 (2008/2009), Part II – Appendices," 8/1/2009, p. 36; DoS, responses to SIGAR data call, 1/6/2010 and 10/2/2009; UNODC, "Afghanistan Opium Survey 2009: Summary Findings," 12/2009, p. 7.

Direct attacks: initiated with direct fire weapons only

Indirect attacks: involving indirect fire weapons systems—including mortars and rockets—but no other weapons

Complex attacks: involving a combination of weapon deployment systems, such as direct fire following an IED attack and direct attacks following a mortar attack

IED attacks: incidents caused by an IED detonation against a coalition or civilian target

Source: IJC, response to SIGAR vetting, 1/21/2010; CSTC-A, response to SIGAR data call, 1/4/2010.

insurgent violence reportedly increased in the northern provinces of Kunduz and Baghlan, both of which had been relatively peaceful.⁷⁸

The International Security Assistance Force Joint Command (IJC) reported attacks on coalition forces and international civilians in four categories: **direct attacks**, **indirect attacks**, **complex attacks**, and **IED attacks**. From September 21 to December 27, 2009, there were 4,412 recorded attacks, 1,423 of which were direct attacks in Helmand. Attack data for this quarter is reported from September 21 to December 27, 2009, to ensure continuity with data reported last quarter.⁷⁹

Examples of serious attacks include the October 28 insurgent attack that killed six UN staff members staying in a UN guest house in Kabul and the December 30 insurgent attack that killed seven CIA agents and injured six others at a forward operating base in Khowst.⁸⁰ A January 18 attack in Kabul killed two Afghan National Army (ANA) members, two ANP members, and a currently unknown number of civilians.⁸¹

In the new strategy, the U.S. President highlighted the importance of coordinated cross-border efforts, particularly between Afghanistan and Pakistan.⁸² Afghanistan's borders total 5,529 km: 2,430 km shared with Pakistan; 1,206 km with Tajikistan; 936 km with Iran; 744 km with Turkmenistan; 137 km with Uzbekistan; and 76 km with China.⁸³ By FY 2010, the International Security Assistance Force (ISAF) and Afghan forces plan to have six Border Coordination Centers, according to the Congressional Research Service (CRS). Border Coordination Centers improve collaboration and communication between Pakistani, Afghan, and coalition forces at the borders.⁸⁴

Civilian Casualties

From September 21 to December 27, 2009, there were 903 civilian casualties, 836 of whom were Afghans, according to IJC. Of the civilian casualties represented in Figure 3.18, 283 were killed and 620 were wounded.⁸⁵ This is a decrease from the civilian casualties reported last quarter, as shown in Figure 3.19.⁸⁶ Civilian casualties represent 43% of the total for this period. The province with the highest civilian casualties was Kandahar.⁸⁷ Casualties this quarter are reported from September 21 to December 27, 2009, to ensure continuity with casualty data reported last quarter.

In 2009, the number of civilian casualties was the highest since 2001, according to the United Nations Assistance Mission in Afghanistan (UNAMA). UNAMA recorded 2,412 deaths in 2009, a 14% increase from the 2,118 deaths recorded in 2008. Of all civilian deaths reported by UNAMA in 2009, 67% were attributed to anti-government elements and 25% to pro-government forces. The remaining 8% could not be attributed to either category because some civilians were killed in cross-fire or when unexploded ordnance detonates.⁸⁸

AFGHAN NATIONAL ARMY

As of December 20, 2009, the troop strength of the ANA was 100,131, an increase of 6,151 from September 30, 2009, according to the Combined Security Transition Command - Afghanistan (CSTC-A).⁸⁹ As of October 2009, the ANA's target was to grow to 134,000 troops by September 2010.⁹⁰ According to the CRS, the ANA has a growth rate of 28,800 troops per year and an attrition rate of 8–9%.⁹¹

In working to attain the ANA's targeted troop strength, retention has been a challenge, especially in areas of greater conflict—the south and east. To address this challenge, the GIROA recently announced an increase in troop salary. Base pay has increased, and troops in the most dangerous areas get additional combat pay.⁹² In Helmand, Ghazni, and Kunduz, for example, new recruits now earn the Afghan equivalent of \$240 a month—almost twice what recruits earned before.⁹³

During the first week of December, 2,659 recruits joined the ANA—half of the month's objective of 5,253. In prior months, the ANA has struggled to meet recruitment objectives, as shown in Table 3.3.⁹⁴

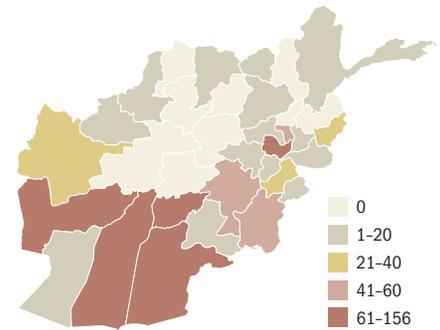
TABLE 3.3

ANA RECRUITMENT, SEPTEMBER–NOVEMBER 2009			
Month	Recruitment Objective	Number Recruited	
November	5,442	4,303	
October	4,408	3,811	
September	2,400	831	

Source: DoD, "Incentives Show Promise for Afghan Forces," 12/9/2009.

FIGURE 3.18

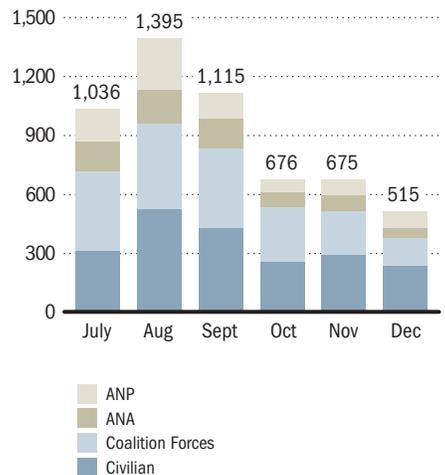
CIVILIAN CASUALTIES



Note: Casualties reported from 9/21/2009 to 12/27/2009.
Source: IJC, response to SIGAR vetting, 1/21/2010; CSTC-A, response to SIGAR data call, 1/4/2010.

FIGURE 3.19

TOTAL CASUALTIES BY MONTH, JULY–DECEMBER 2009



Note: Casualties recorded in December as of 12/27/2009.
Sources: IJC, response to SIGAR vetting, 1/21/2010; CSTC-A, response to SIGAR data call, 10/2/2009; CSTC-A, response to SIGAR data call, 1/4/2010.

The ANA also faces other challenges, including insufficient intelligence, surveillance, and reconnaissance capabilities, as well as inadequate air capabilities (such as close air support) and insufficient MEDEVAC capabilities. Currently these capabilities are provided by the U.S. and international forces.⁹⁵

ANA Training Status

From October 1 to December 24, 2009, ANA training organizations graduated 12,625 soldiers, a 9% decrease from the preceding quarter. Most graduated from the Kabul Military Training Center, as shown in Figure 3.20. Other training this quarter included explosive ordnance disposal, counter-insurgency, logistics, and command and staff training.⁹⁶ ANA graduates were assigned to 1 of 15 units. This quarter, more graduates were assigned to the 205th Corps than to any other unit.⁹⁷

Language barriers continue to challenge ANA training and operations. Dari and Pashtu, Afghanistan's most widely spoken languages, are not mutually intelligible and are difficult to learn; thus, translators are in short supply. Regional differences in dialect make it hard to find translators who can be successful and accepted, according to the CRS.⁹⁸

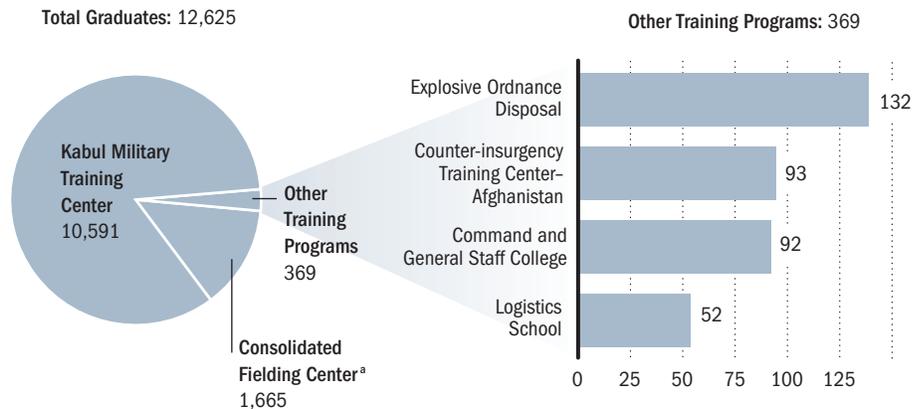
The low literacy rate in Afghanistan also continues to pose a challenge for ANA training. The North Atlantic Treaty Organization Training Mission - Afghanistan (NTM-A) and CSTC-A have increased their literacy training capacity. Literacy training now serves as a way to improve the quality of the ANA and also as an incentive for joining the service, according to the Office of the Secretary of Defense (OSD).⁹⁹



ANA soldiers learn to clean and maintain their rifles during a NATO-sponsored training program. (ISAF photo, SPC Christopher Nicholas)

FIGURE 3.20

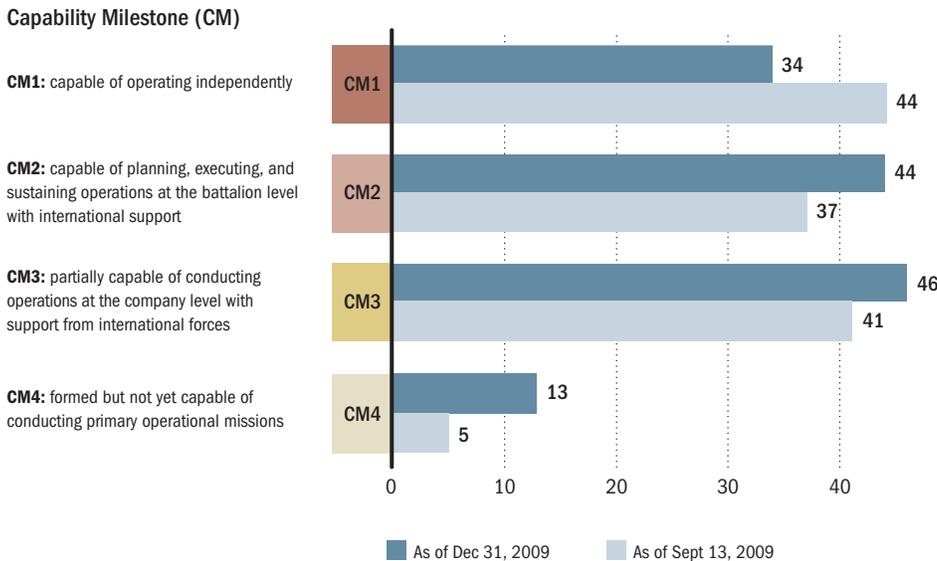
ANA TRAINING GRADUATES BY PROGRAM



a. At the Consolidated Fielding Center, units form, equip, and conduct initial collective training.
Source: CSTC-A, response to SIGAR data call, 1/4/2010.

FIGURE 3.21

ANA UNIT CM RATINGS, PERIOD-TO-PERIOD COMPARISON



Notes: May not include fire support, close air support, and MEDEVAC.
 CM1 = All criteria adequately met, quantitative measures >85%, qualitative assessment of functionality in role >85%.
 CM2 = Most criteria adequately met, quantitative measures 70–85%, qualitative assessment of functionality in role 70–85%.
 CM3 = Few criteria adequately met, quantitative measures 50–70%, qualitative assessment of functionality in role 50–70%.
 CM4 = No criteria adequately met, quantitative measures <50%, qualitative assessment of functionality in role <50%.
 SIGAR is conducting an ongoing audit to evaluate the reliability of ANSF assessments, including the CM rating system.
 Sources: CSTC-A, response to SIGAR data call, 1/4/2010; CSTC-A, response to SIGAR data call, 10/2/2009; DoD OSD, response to SIGAR data call, 7/8/2009.

The age demographic presents another challenge to the development of the ANA. Because of Afghanistan’s years of warfare, there is a dearth of troops aged 35 to 55. The CRS reports that because of the small number of personnel in this age range, it will take up to a generation to train the next set of senior leaders.¹⁰⁰

The ANA currently has an inadequate number of training teams and instructors, according to the OSD. As of December 2009, there was a requirement for 104 Operational Mentor and Liaison Teams (OMLTs), which are the training teams that work in the field with the ANA. Currently, 63 OMLTs are on the ground and 21 have been planned. OSD is working with the international community to fill the need for more instructors and training teams.¹⁰¹

ANA Readiness

To express incremental improvements in the capability of the ANSF, CSTC-A uses Capability Milestone (CM) ratings, as shown in Figure 3.21.¹⁰² As of December 31, 2009, CSTC-A reported that 34 ANA units—approximately 25% of the units rated for this quarter—were at the highest rating, CM1. Last quarter, approximately 35% of ANA units were rated CM1. Ten additional units were rated this quarter.¹⁰³

As of October 2009, the ANA participates in approximately 90% of ISAF operations and leads 62% of joint operations, according to the North Atlantic



An Afghan officer discusses lessons learned from observing a training exercise in combating terrorism during counter-insurgency operations. (U.S. Marine Corps photo, GySgt Christian M. Harding)

Treaty Organization (NATO).¹⁰⁴ The Afghan National Army Air Corps (ANAAC) continues to develop, focusing mainly on air mobility to transport forces and supplies.¹⁰⁵ The ANAAC flew 90% of ANA air support missions in 2009, compared with 10% in mid-2008. Every month, the ANAAC moves more than 5,000 passengers and more than 40,000 kg of cargo, according to NATO.¹⁰⁶ The CRS reported that the ANAAC will begin to acquire attack capabilities over the next five years.¹⁰⁷ As of October 2009, the ANAAC has 187 pilots; its fleet comprises 29 rotary-wing and 10 fixed-wing aircraft, according to NATO:¹⁰⁸

- 17 Mi-17, 3 DV Mi-17, and 9 Mi-35 helicopters
- 5 AN-32, 1 AN-26, and 2 C-27 transport aircraft
- 2 L-39 “Albatros” jet trainer aircraft

Current and near-future acquisitions are for aircraft of Soviet origin, owing to Afghan pilots’ familiarity with them, but the intent of the Combined Air Power Transition Force (which is part of CSTC-A) is to move away from such aircraft in future planning.¹⁰⁹ According to OSD, current plans include the delivery of 20 C-27s, which will serve as the ANAAC’s primary fixed-wing aircraft and will expand airlift and air-delivery capabilities for the ANSF.¹¹⁰ The target strength for the ANAAC is 7,500 personnel and 125 rotary-wing and fixed-wing aircraft by December 2016, according to NATO.¹¹¹

ANA Infrastructure Status

Infrastructure projects for the ANA include barracks, headquarters, training buildings and ranges, administrative spaces, warehouses and storage buildings, and maintenance facilities. According to CSTC-A, 11 ANA infrastructure projects worth \$160.62 million were scheduled for completion between October 1 and December 31, 2009, compared with 18 projects valued at \$176.98 million last quarter. This quarter, no contracts were awarded; last quarter, 27 contracts worth \$239.21 million were awarded.¹¹²

ANA Casualties

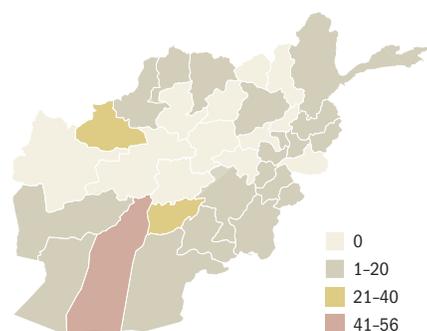
From September 21 to December 27, 2009, there were 238 ANA casualties, according to IJC: 173 soldiers wounded in action and 65 killed in action. The number of ANA casualties decreased by 46% from the preceding quarter. The greatest number of casualties occurred in Helmand, as shown in Figure 3.22.¹¹³

ANA Equipment Status

From October 1 to December 31, 2009, the ANA fielded 1,791 radios, 980 vehicles, and 15,097 weapons (see Figure 3.23), according to CSTC-A. The only weapons that the ANA procured this quarter were 12,305 M16A4 rifles.¹¹⁴ The largest difference in equipment fielded was the number of weapons, which was more than seven times as many as last quarter.¹¹⁵

FIGURE 3.22

ANA CASUALTIES BY PROVINCE

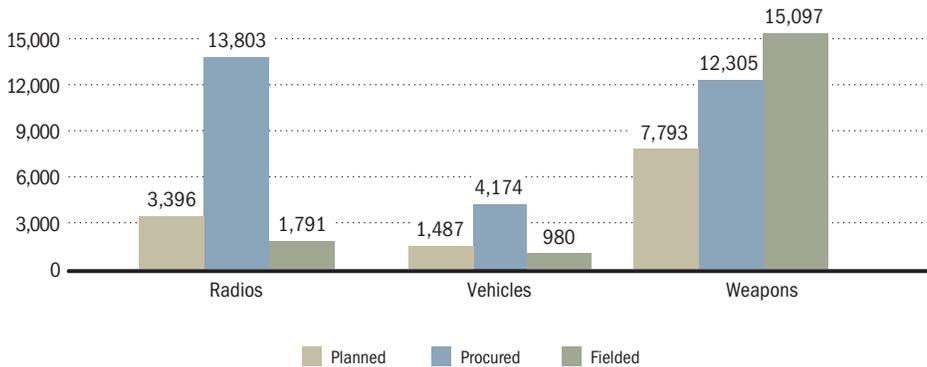


Note: Casualties reported from 9/21/2009 to 12/27/2009.

Source: IJC, response to SIGAR vetting, 1/21/2010; CSTC-A, response to SIGAR data call, 1/4/2010.

FIGURE 3.23

ANA EQUIPMENT



Source: CSTC-A, response to SIGAR data call, 1/4/2010.

AFGHAN NATIONAL POLICE

As of December 31, 2009, the ANP’s personnel strength was 94,958, an increase of 13,449 from May 2009, according to CSTC-A.¹¹⁶ The target personnel strength is 109,000 by September 2010.¹¹⁷

The Law and Order Trust Fund for Afghanistan (LOTFA) recently approved a comprehensive pay package for the ANP, according to OSD. It provides personnel with longevity pay, which increases with every three years of service. The pay package also increases base pay by \$45 per month and adds hazardous duty pay for personnel serving in medium- and high-threat districts.¹¹⁸

Because of Afghan cultural traditions, only a small number of women serve in the ANP. To address needs such as interviewing female victims of violent crime and searching women at border checkpoints and airports, the U.S. Department of State (DoS) provides basic training to female ANP officers in a single-gender environment at the Women’s Police Corps training centers. DoS civilian police advisors also provide support to Family Response Units, which respond to cases of domestic violence and are staffed largely by female police officers.¹¹⁹

In October 2009, the UN Development Programme (UNDP) published the Police Perception Survey, 2009, which portrays the Afghan public’s view of the ANP. The survey sampled 5,156 Afghans from July 9 through July 21, 2009.¹²⁰ The results showed that 49% of respondents thought the police were keeping crime under control and that 42% believed that police performance had improved over the past two years.¹²¹ On the negative side, Afghans believed that corruption was a problem in the ANP: 52% responded that “some” or “a lot of” police misused their authority. Opinions of corruption in the ANP ran higher in Kabul, where 54% of respondents thought that the police were involved in the drug trade and 44% believed that the police were involved in crime.¹²²

Respondents were also asked what types of violent activity had occurred in their area over the past year. More respondents replied “yes” to bombing

TABLE 3.4

AFGHANS' PERCEPTION OF VIOLENT EVENTS	
Type of Activity	Respondents Who Replied Yes (%)
Bombing or shelling by U.S., NATO, or ISAF forces	72
Civilians killed or hurt by U.S., NATO, or ISAF forces	69
Civilians killed or hurt by ANA or ANP	67
Car bombs, suicide attacks	66
Snipers, cross-fire	64
Civilians killed or hurt by Taliban, al-Qaeda, or foreign jihadists	60
Kidnappings for ransom	59

Note: Percentage represents total "yes" replies out of 5,156 surveyed.

Source: UNDP, "Police Perception Survey 2009: The Afghan Perspective," 10/2009, p. 11.

or shelling by U.S., NATO, or ISAF forces than to any other violent event, as shown in Table 3.4.

The Afghan Ministry of Interior (MoI) is conducting a Personnel Asset Inventory to help the police force maintain accountability and minimize opportunities for corruption. The inventory process includes registration, drug testing, re-vetting, and obtaining biometrics information for all ANP personnel. To date, the MoI has successfully accounted for 41,000 ANP personnel in Kabul, Kandahar, and six other high-threat provinces. Police in the remaining provinces will begin to be registered on February 1, 2010; the anticipated completion date is April 1, 2010.¹²³

ANP Training Status

From October 1 to December 17, 2009, ANP training organizations graduated 4,286 personnel, a 48% decrease from the preceding quarter.¹²⁴ ANP training organizations offer the following courses:

- Basic Patrolman
- Advanced Patrolman
- Afghan Civil Order Police (16-week program)
- Border Police (6 weeks)
- Counter-Narcotics
- Police Academy Officer Training
- Police Academy Non-Commissioned Officer Training
- Officer Candidate School
- Provincial Response Company (14 weeks)
- Focused District Development Leadership and Management Development
- Focused District Development Officer and Non-Commissioned Officer Basic
- Women's Police Centers (8 weeks)
- Crime Scene Investigator (6 weeks)
- Intelligence Course for Female ANP (6 days)
- Intelligence Training (2 weeks)
- Instructor Development (4 weeks)



ANP officers participate in a training course conducted by Civil Affairs personnel from the Ghazni PRT designed to build good relationships with the villagers, enhance public support for police actions, and decrease support for insurgent activities. (Combined Joint Task Force - 82 PAO Photo, MSgt Sarah Webb)

- Trauma Assistance Personnel (8 weeks)
- Criminal Investigation Department and Prosecutors (4 weeks)
- Driver Training (various programs)

As of December 23, 2009, the ANP has 5,972 personnel in training. Some ANP graduates this quarter were given provincial assignments. Graduates were assigned to seven provincial locations, as shown in Figure 3.24. The largest number of graduates was assigned to Helmand.¹²⁵

ANP regional training centers address a high illiteracy rate among ANP personnel by using various methods of instruction, including instructor demonstrations, illustrative depictions of lessons, and hands-on training. Also at these regional training centers, ANP personnel receive literacy training from non-governmental organizations (NGOs) that are funded by DoD.¹²⁶

A key to the long-term sustainment of the ANP is developing the ability of the Afghans to carry out training without the assistance of the international community, according to the DoS Bureau of International Narcotics and Law Enforcement Affairs. International assistance is provided through “train the trainer” courses in which civilian police advisors work with Afghan trainers.¹²⁷ Currently, Afghans lead all training at regional training centers; civilian advisors oversee them.¹²⁸ According to NATO, the ANP needs more robust training and mentoring, as well as increased equipment supply.¹²⁹

To increase operational capabilities and survivability, NTM-A assists with ANP development, focusing on reform at ANP districts and at lower levels of the force. The European Union Police Mission (EUPOL) is also involved in training, focusing on conventional policing and higher-level police management and standards. NTM-A and EUPOL development activities are coordinated through the Joint Coordination and Monitoring Board and the International Police Coordination Board.¹³⁰

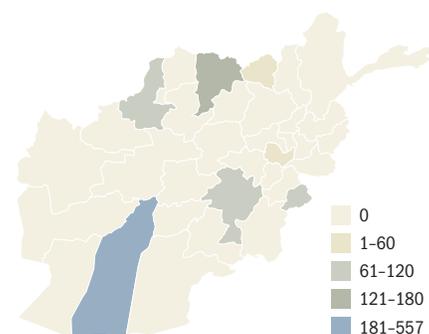
In addition to training ANP personnel, DoS is also assisting the MoI with training. It has provided the MoI with executive and professional mentors to assist ministry officials in personnel management, administration, planning, and other areas.¹³¹

NTM-A and CSTC-A are working closely with the MoI to establish a new ANP Training Command to take over the management, supervision, and execution of all ANP training. Currently, ANP training centers are managed by NTM-A, contractors, and coalition forces. The MoI will continue to provide ANP instructors for the training centers. NTM-A is emphasizing improvement in Afghan instructor selection and qualifications, including instructors for the “train the trainer” programs.¹³² In conjunction with the MoI, NTM-A will focus on leadership development for commissioned and non-commissioned officers and will review instruction programs and standardize training delivery across all training centers.¹³³

The MoI recently established a six-month officer school at the ANP Academy, where 900 officer candidates attend training. The ministry is also exploring the possibility of training ANP officers abroad.¹³⁴

FIGURE 3.24

ANP TRAINING GRADUATES BY PROVINCIAL ASSIGNMENT

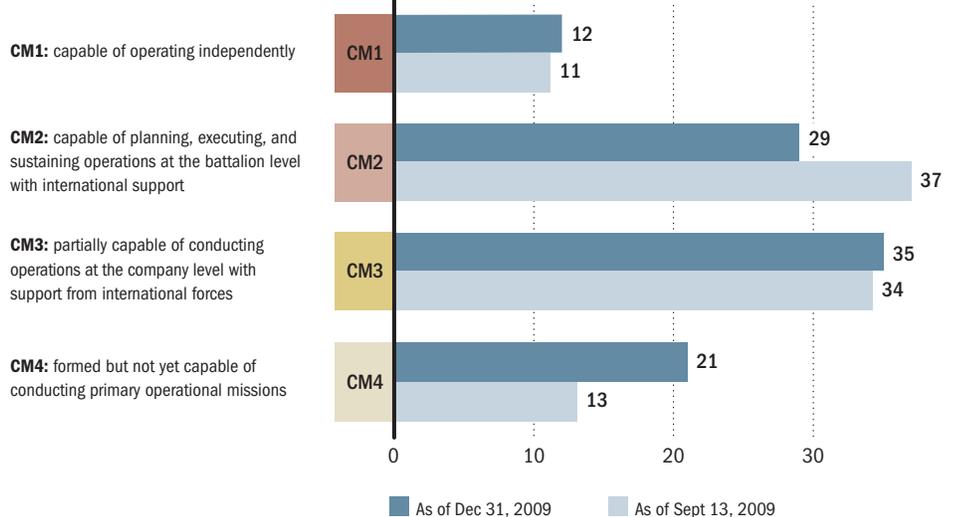


Source: CSTC-A, response to SIGAR data call, 1/4/2010.

FIGURE 3.25

ANP UNIT CM RATINGS, PERIOD-TO-PERIOD COMPARISON

Capability Milestone (CM)



Notes: One unit completed the District Development Program in December and thus is no longer rated.
 CM1 = All criteria adequately met, quantitative measures >85%, qualitative assessment of functionality in role >85%.
 CM2 = Most criteria adequately met, quantitative measures 70–85%, qualitative assessment of functionality in role 70–85%.
 CM3 = Few criteria adequately met, quantitative measures 50–70%, qualitative assessment of functionality in role 50–70%.
 CM4 = No criteria adequately met, quantitative measures <50%, qualitative assessment of functionality in role <50%.
 SIGAR is conducting an ongoing audit to evaluate the reliability of ANSF assessments, including the CM rating system.
 Sources: CSTC-A, response to SIGAR data call, 1/4/2010; CSTC-A, response to SIGAR data call, 10/2/2009; DoD OSD, response to SIGAR data call, 7/8/2009.

Despite the number of personnel graduating from training in recent quarters, 70% of ANP personnel have not been through any formal police training, according to OSD. Training will be performed through Afghan Police Training Teams, which are currently in short supply. OSD is working with the international community to fill the shortfall of 119 training teams.¹³⁵

ANP Readiness

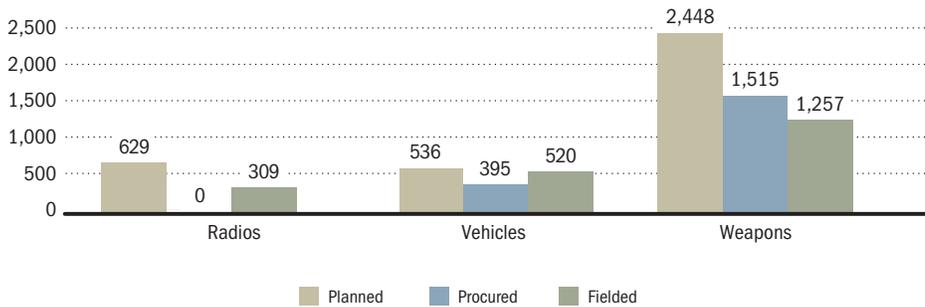
As of December 31, 2009, there were 12 ANP units—approximately 12% of the units rated for this quarter—at CM1, according to CSTC-A.¹³⁶ Last quarter, approximately the same percentage of ANP units were rated CM1, as shown in Figure 3.25.¹³⁷ Two additional units were rated this quarter.¹³⁸

ANP Infrastructure Status

Infrastructure contracts for the ANP—like those for the ANA—relate to barracks, headquarters, training buildings and ranges, administrative spaces, warehouses and storage buildings, and maintenance facilities. According to CSTC-A, ANP facilities are sustained through a national operations and maintenance contract. This contract includes training to enable the eventual handover of full operations and maintenance responsibility to the MoI.¹³⁹

FIGURE 3.26

ANP EQUIPMENT



Source: CSTC-A, response to SIGAR data call, 1/4/2010.

As of December 31, 2009, CSTC-A reported 250 active infrastructure contracts, compared with 269 in the preceding quarter; the largest group of these contracts is for projects in the north. Seventy-seven contracts with a collective value of \$174.35 million were scheduled to be completed during the quarter. Seventeen contracts with a collective value of \$14.50 million were terminated this quarter, one for security concerns and the others for contractor performance. No new contracts were awarded from October 1 to December 31, 2009.¹⁴⁰

ANP Equipment Status

From October 1 to December 31, 2009, the ANP fielded 309 radios, 520 vehicles, and 1,257 weapons, according to CSTC-A (see Figure 3.26). The only ANP procurements this quarter were 1,515 AK-47 assault rifles and 395 light tactical vehicles.¹⁴¹

ANP Casualties

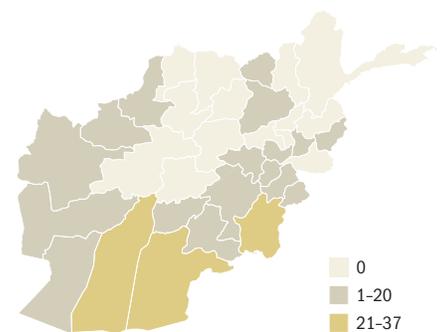
From September 21 to December 27, 2009, there were 258 ANP casualties, according to IJC: 155 personnel wounded in action and 103 killed in action. Total ANP casualties decreased by 52% from the preceding quarter. Casualties were concentrated in the southern provinces, as shown in Figure 3.27. The greatest number of casualties occurred in Helmand.¹⁴²

DISARMAMENT OF ILLEGAL ARMED GROUPS

The UNDP-initiated Afghanistan New Beginnings Program (ANBP) supports the Disbandment of Illegal Armed Groups (DIAG) program.¹⁴³ The ANBP classifies and destroys safe or unsafe ammunition and operational or non-operational weapons.¹⁴⁴ In addition, the ANBP has assigned staff members from the Disarmament and Reintegration Commission to serve as a coordinating group for national and international DIAG efforts. According to DoS, the ANBP has 350 national staff members, 6 international staff members, and 7 regional offices that conduct operations in all 34 provinces, provide assistance to regional governors, and coordinate activities at the local level.¹⁴⁵

FIGURE 3.27

ANP CASUALTIES BY PROVINCE



Note: Casualties reported from 9/21/2009 to 12/27/2009.

Source: IJC, response to SIGAR vetting, 1/21/2010; CSTC-A, response to SIGAR data call, 1/4/2010.



ANP officers search a cave in Khowst for illegal weapons caches during a joint mission with U.S. soldiers. (U.S. Army photo, SSgt Andrew Smith)

The DIAG unit within the MoI is responsible for the registration of weapons, including the weapons of private security companies. LOTFA funds are used to assist this DIAG unit. The ANBP provides technical support and assistance in capacity building to the MoI DIAG unit so that it can continue to register private security companies and expand the weapons registration program to all provinces.¹⁴⁶ To date, 33 officers have been appointed to the MoI’s DIAG unit, according to DoS; training began in October 2009.¹⁴⁷

Under Afghanistan’s Firearms, Ammunition and Explosives Law, any weapon that is not registered with the GIRoA is deemed illegal; licenses are obtained through the MoI. DIAG is working with the MoI to improve this process, which is long and challenging, according to DoS.¹⁴⁸

Status

According to DIAG, an illegal armed group is “any group of five or more armed persons under one command and control mechanism” that is not under the command of the GIRoA or part of the coalition forces.¹⁴⁹ From October 1 to December 19, 2009, DIAG disbanded 17 illegal armed groups and collected 245 weapons. As of December 19, of 132 districts targeted by DIAG District Implementation, 88 have been declared compliant, according to DoS. During this period, the MoI registered 1,494 weapons, and security forces confiscated 241 weapons, which were to be handed over to DIAG.¹⁵⁰ Table 3.5 identifies progress of the DIAG effort to date.

Security Operations

According to DoS, local security officials facilitate the collection of weapons and work with ANBP weapon collection teams, which maintain collection points in all provinces. Weapons are handed over by former commanders and placed in a weapons storage site maintained by the Afghan Ministry of Defense (MoD). If collected weapons are functional, they may be reissued to the ANA.¹⁵¹

TABLE 3.5

DISARMAMENT PROGRESS TO DATE	
Source	Number of Weapons
Weapons collected by DIAG	45,830
Weapons collected/confiscated by national security agencies	11,815
Individual weapons registered by MoI	18,961
Private security companies’ registered weapons	16,927
Weapon destroyed or kept by ISAF, estimated	14,000
Total	107,533

Note: Data as of 12/19/2009.

Source: DoS, response to SIGAR data call, 1/6/2009.

Challenges

Several donors have stopped funding DIAG because of concerns over accountability, oversight, verification, and other issues; therefore, funding has become a problem in sustaining DIAG, according to DoS. USAID has been a donor but is unable to continue financial support because of regulations placed on the funding mechanisms it used for this program. The UNDP provided a \$2 million grant to sustain the program. Japan and several smaller donors are looking at supporting DIAG as well.¹⁵²

The United States and DIAG representatives are discussing DIAG's role in the GIRoA reintegration plan for groups that have been disarmed.¹⁵³ According to the UN Secretary-General, many disbanded groups have requested employment in the ANP or community police groups.¹⁵⁴ Part of the development of the reintegration plan is the establishment of strong verification and accountability mechanisms. The international community is concerned about the minimal continuing oversight of disbanded groups and individuals, and the lack of ongoing verification that disbanded group members remain unarmed and demobilized. Many Afghans are reluctant to register weapons, for fear of losing the weapons that they think they may need for self-protection. Also, individuals are reportedly turning in old or non-working weapons to obtain DIAG reward money while retaining functional weapons.¹⁵⁵

According to DoS, ISAF intelligence officers estimate that many of the insurgents who can be easily convinced to give up their arms have done so already. The officers anticipate that remaining groups may be more ideologically committed and more resistant.¹⁵⁶

REMOVING UNEXPLODED ORDNANCE

From April 1, 2009, to March 30, 2010—within the Afghan solar year 1388—two organizations share responsibility for control of all mine-action activities—the UN-assisted Mine Action Coordination Center of Afghanistan (MACCA) and the Afghan Department of Mine Clearance. The Department is the primary agency responsible for explosive remnants of war (ERW) and mine-risk education; it works with the Ministry of Education in this effort.¹⁵⁷ MACCA has established Area Mine Action Centers across the country—in Gardez, Herat, Jalalabad, Kabul, Kandahar, Kunduz, and Mazar-e Sharif. These centers are staffed entirely by Afghans. They coordinate, oversee, and monitor demining activities at the regional and provincial levels.¹⁵⁸ The Mine Action Program of Afghanistan (MAPA), started by the UN in 1989 and overseen by MACCA, is another large contributor to the effort.¹⁵⁹

The Ministry of Labour, Social Affairs, Martyrs, and Disabled (MoLSAMD) is the main Afghan agency responsible for monitoring and reporting activities related to victim-assistance. The MoLSAMD oversees the ministries and stakeholders involved in assisting those affected by mines.¹⁶⁰ In addition to destroying ERW, the DoS Conventional Weapons Destruction Program protects victims of conflict and provides humanitarian aid. The Office of Weapons Removal and Abatement in the Bureau of Political-Military Affairs (PM/WRA) manages this program.¹⁶¹



A mortar round was found buried in the ground next to a house as part of an operation to remove unexploded ordnance. (U.S. Army photo, SFC Leonardo Torres)

In August 2009, a large effort began to clear 4 million square meters of mine-contaminated land for the site of the Afghanistan Defense University. The U.S. Army Corps of Engineers (USACE) and CSTC-A are working together in this effort with the help of a consulting firm. Ordnance is detected using the latest subsurface detection equipment, which searches up to 1 to 4 meters into the earth. The removal team has found about 1,000 pieces of ordnance every 10 days, including large artillery projectiles, mortars, grenades, small arms, mines, and cluster munitions.

Source: USACE, "Dangerous Real Estate: USACE Cleans Up Most Heavily Mined Region of Afghanistan," 9/2/2009.

Status

From January to November 2009, 48,769 anti-personnel mines, 644 anti-tank mines, and 1,092,527 ERW were destroyed, according to UNAMA. Also during this period, 402,903 women and girls and 612,665 men and boys received educational training about the risks of mines.¹⁶² Training organizations have retained several thousand defused mines for use in training exercises.¹⁶³

Community-based demining is often used in areas considered too dangerous for NGOs or contractors. MACCA has planned for 43 community-based demining teams; 23 were active as of June 2009.¹⁶⁴

ANSF Operations

DoS reported that ANSF members who are engaged in the removal of mines and ERW are trained and monitored by U.S. Forces - Afghanistan (USFOR-A) and CSTC-A. ANSF mine-removal training is conducted through the ANSF Explosive Ordnance Disposal Counter-IED Program and the ANA Engineer School in Mazar-e Sharif.¹⁶⁵

In addition to humanitarian work, the PM/WRA assists with the destruction of excess, unserviceable, and at-risk ANSF weapons and ordnance. According to DoS, the PM/WRA also provides technical assistance for the security and stockpile management of serviceable ANSF weapons and ordnance.¹⁶⁶

As DoD reported at the beginning of December 2009, more than 1,000 ISAF troops are partnering with Afghan forces in an operation called *Khareh Cobra* (Cobra's Anger) to clear insurgents from the Now Zad valley in northern Helmand province. A main objective of the operation is to provide security for GIROA agencies and NGOs so they can clear IEDs and mines from the region, eventually enabling its repopulation.¹⁶⁷

Challenges

In May 2009, the GIROA reported that fulfillment of mine-clearance operations will cost roughly \$500 million over five years, according to the NGO Landmine Monitor.¹⁶⁸ Mine-clearing action is funded primarily by international donors, but MAPA announced that there will be more substantial efforts to explore funding capacity within the GIROA.¹⁶⁹

COALITION FORCES

In October 2009, NATO established NTM-A to oversee higher-level training for the ANA, as well as training and mentoring for the ANP.¹⁷⁰ NTM-A works with the U.S.-led CSTC-A to build on the expanding task of training and mentoring the ANSF.¹⁷¹ The key elements of NTM-A include an increase in OMLTs and police OMLTs, as well as an increase in the ANSF institutional training base. At the same time as the establishment of NTM-A, NATO established the IJC to manage deployed mentoring and training teams for the ANSF. While NTM-A focuses on ANSF institutional training, education, and professional development activities, the development of MoD and MoI will remain under the control of CSTC-A.

NTM-A will help to create a more robust and integrated training structure for the ANSF, while helping to reduce duplication of effort.¹⁷² The commander of NTM-A stated that its mission lies in teaming, transparency, and transition.¹⁷³

In its streamlined vision for Afghanistan in 2008, NATO established four guiding principles.¹⁷⁴ Those principles have been adjusted slightly. When the NATO defense ministers met in Bratislava in October 2009, they set these priorities:¹⁷⁵

- focusing on the Afghan population
- building ANSF capacity
- promoting better Afghan governance
- engaging better with regional neighbors such as Pakistan

On December 4, 2009, the ISAF foreign ministers met to discuss priorities for Afghanistan, which included protecting the Afghan people, building Afghan security capacity, and facilitating governance and development. To build security capacity, ISAF contributing nations pledged to invest more in training, equipping, and sustaining the ANSF.¹⁷⁶

The UN Security Council reported an extension of the authorization of the ISAF for 12 months from October 13, 2009. Resolution 1890 calls on ISAF member states to contribute personnel, equipment, and other resources to further strengthen the ISAF and encourages the ISAF to use these resources to accelerate the progress of the ANSF toward the goal of self-sufficiency.¹⁷⁷

On December 1, 2009, the U.S. President announced an increase of 30,000 U.S. troops over the next year, accompanied by an increase in international forces.¹⁷⁸ These forces will be concentrated in the southern and eastern regions. Also in December, the Secretary of Defense sought an increase of approximately 5,000 to 7,000 troops from countries other than the United States.¹⁷⁹

Coalition Force Casualties

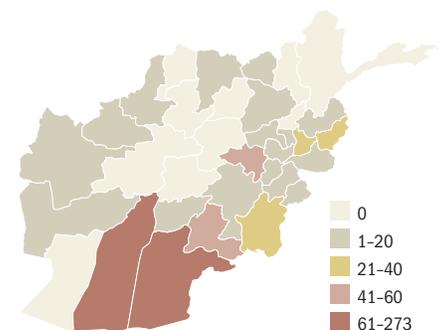
From September 21 to December 27, 2009, there were 716 coalition force casualties: 89 were killed in action, and 627 were wounded in action, according to IJC. Coalition force casualties, which accounted for 34% of the total casualties in this period, were concentrated in Helmand and Kandahar provinces, as shown in Figure 3.28.¹⁸⁰

The troop surge will significantly affect logistics. Large quantities of personnel, cargo, and supplies must be delivered. Equipment transport is a challenge in Afghanistan, a landlocked nation with some of the highest mountains in the world. Approximately 50% of the nation's cargo is transported by the main supply route through Pakistan from the port of Karachi; 30% is moved through the Northern Distribution Network, using railroad lines; and 20% is delivered by air, the most expensive method. For details on the Northern Distribution Network, see the "Economic and Social Development" section.

Source: DoD, "Logisticians Ready for Afghan Transportation Task," 12/9/2009.

FIGURE 3.28

COALITION FORCE CASUALTIES BY PROVINCE



Note: Casualties reported from 9/21/2009 to 12/27/2009.
Source: IJC, response to SIGAR vetting, 1/21/2010; CSTC-A, response to SIGAR data call, 1/4/2010.

IMPROVISED EXPLOSIVE DEVICES

After years of armed conflict and Soviet occupation, many explosive remnants of war (ERW) remain in Afghanistan.¹⁸¹ Easy access to explosives and the ability to manufacture explosive materials, combined with access to commercial technologies and simple training, makes it possible to create a highly dangerous weapon at very little expense, according to the Joint IED Defeat Organization (JIEDDO).¹⁸²

IMPACT

From September 21 to December 27, 2009, there were 836 IED attacks on coalition forces or international civilians, according to IJC.¹⁸³ Over the past year, 3,170 IED detonations killed more than 850 civilians. Of all deaths from IEDs, 36% were civilians—most of them children. Landmine Monitor reported that risky activities for civilians include travel, recreation, animal tending, and collection of wood, water, and food.¹⁸⁴

IEDs in Afghanistan come in many forms. Three common forms are victim-operated IEDs, usually involving a pressure-plate initiator buried in the road; command wire IEDs; and suicide IEDs.¹⁸⁵ According to the UN Secretary-General, there has been an increase in the use of IEDs triggered by pressure plates, which explode when a vehicle passes over them.¹⁸⁶ Despite the presence of ERW and the increasing number of IEDs triggered by pressure plates, most reported attacks involve remotely detonated IEDs that target passing vehicles, according to Landmine Monitor.¹⁸⁷

COUNTER-IED TRAINING

IEDs are the leading killer of soldiers in Afghanistan, according to U.S. Central Command.¹⁸⁸ To combat this threat, JIEDDO started a pilot training initiative in late September 2009 called “Tidal Sun,” which will provide battalions with specialized counter-IED teams. Each counter-IED team provided through this initiative consists of five or six specialists.¹⁸⁹ The teams trained through Tidal Sun will examine and analyze explosive



To remove IEDs, U.S. and coalition forces operate Buffalo mine-clearing vehicles, using their signature extending arms. (French Ministry of Defense photo)

signatures, chemical traces, and blast patterns to develop an understanding of how IED attacks unfold.¹⁹⁰

JIEDDO collaborates with other organizations in the common mission of countering IEDs.¹⁹¹ Experts in explosives investigation from the Bureau of Alcohol, Tobacco, Firearms, and Explosives; the Defense Intelligence Agency; the Central Intelligence Agency; and the National Ground Intelligence Center recently trained counter-IED units on tactical site exploitation, post-blast investigative techniques, and weapons technical intelligence.¹⁹²

On November 12, 2009, the U.S. Secretary of Defense announced the creation of a special task force to counter the threat of roadside bombs.¹⁹³ Among other efforts, the task force will study the lessons learned by the mujahadeen in their struggle with the Soviet Union three decades ago, in the hope of improving current tactics, techniques, and procedures used in counter-IED activities.¹⁹⁴

ACTIONS AGAINST IEDS

From September 21 to December 27, 2009, a total of 1,580 IEDs were found prior to detonation, according to IJC.¹⁹⁵ Bomb technicians in explosive ordnance disposal (EOD) units can use a wide range of materials to defuse IEDs—from advanced robots to water and plastic bottles.¹⁹⁶

QUARTERLY HIGHLIGHT

Mine-resistant, ambush-protected (MRAP) vehicles are designed to resist IEDs. Their V-shaped hulls and armor plating protect against and deflect explosions from mines and IEDs. The overall casualty rate of troops in MRAPs is 6%, making MRAPs the most survivable vehicle in the DoD arsenal, according to the CRS.¹⁹⁷ A special “Buffalo” MRAP uses a hydraulic arm to “interrogate” suspected IEDs seen on the road, potentially leading to their disarming or controlled detonation.¹⁹⁸

Troops in Afghanistan also use a newly designed mine-resistant all-terrain vehicle (M-ATV). The M-ATV is a lighter and more maneuverable vehicle than the traditional MRAP, designed with an independent suspension system to handle Afghanistan’s rugged terrain. The M-ATV uses the same V-shaped hull as the MRAP to deflect explosions and is designed to have the same survivability as a traditional MRAP.¹⁹⁹

On November 8, 2009, the ANP and ISAF seized 250 tons of suspected bomb-making material and detained 15 people in a raid in southeastern Afghanistan. The material included 1,000 bags of ammonium nitrate fertilizer (each weighing 100

pounds) in a warehouse and an additional 4,000 bags at a nearby compound. Forces also seized 5,000 components used in IEDs.²⁰⁰

Forensic laboratories and other analytical resources will be used to help identify and track the terrorist networks that are responsible for creating bombs.²⁰¹ Through the news media, regional government officials and public representatives have promoted the importance of citizens taking part in the effort against IEDs.²⁰²

The counter-IED mission goes beyond finding and destroying found materials, according to DoD. It also includes winning the hearts and minds of locals who may support or may be aware of IED activity.²⁰³

Award programs give monetary incentives ranging from \$50 to \$10,000 for information leading to the disruption or defeat of enemy activity and the capture of enemy weapons, including IEDs.²⁰⁴ Since October 1, 2009, about 150 Afghans have received cash rewards for reporting weapons caches or providing tips leading to their recovery, according to ISAF.²⁰⁵



An IED was found and destroyed by Australian and ANA forces during a recent operation in southern Afghanistan. (ISAF photo)

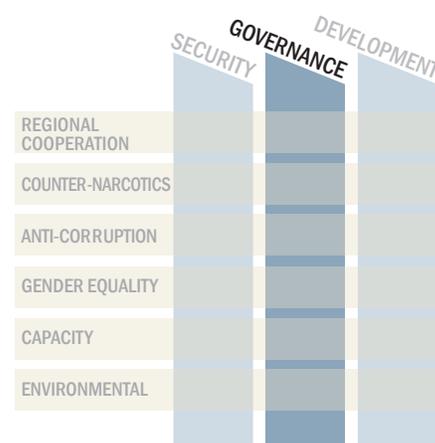
GOVERNANCE, RULE OF LAW, AND HUMAN RIGHTS

In the wake of the fraud and violence that marred the 2009 presidential elections, many world leaders stressed the importance of good governance to reconstruction efforts in Afghanistan, including the U.S. President and the Secretary-General of the United Nations (UN).²⁰⁶ As this report went to press, an international conference was planned for January 28, 2010, in London to improve governance and stability in Afghanistan. The President of Afghanistan, the UN Secretary-General, and the Prime Minister of the United Kingdom (U.K.) were to host foreign ministers from the International Security Assistance Force (ISAF) member countries, representatives from Afghanistan's neighbors, and key regional players. Representatives from the North Atlantic Treaty Organization (NATO), the UN, the European Union, and international organizations such as the World Bank were expected to attend.²⁰⁷

The U.S. strategy for Afghanistan highlights the importance of new directions, including a stronger civilian strategy built in partnership with the international community. In his speech on December 1, 2009, President Barack Obama spoke of the need to enhance the independence and efficiency of the Government of the Islamic Republic of Afghanistan (GIROA), emphasizing improved anti-corruption measures and government accountability. He also stressed the importance of clear transition time frames, which are designed to convey to the GIROA the urgent need to act quickly to take responsibility for its own governance.²⁰⁸

As the President stated, "We must strengthen the capacity of Afghanistan's security forces and government so that they can take lead responsibility for Afghanistan's future."²⁰⁹

In keeping with these new strategy elements, the U.S. Department of State (DoS) reported plans to increase the number of experts in governance and rule of law in Afghanistan. DoS also plans to increase the number of technical advisors supporting Afghan ministries. This increase in civilian staff will be drawn from DoS, the U.S. Agency for International Development (USAID), the U.S. Department of Agriculture, the U.S. Department of Justice (DoJ), the U.S. Department of the Treasury, and other U.S. agencies. DoS anticipates that the increase in civilian advisors at key government levels will help the GIROA become "more visible, effective, and accountable."²¹⁰



RECENT EVENTS

On November 2, 2009, Afghanistan's Independent Election Commission declared that President Hamid Karzai had been re-elected to a second term. The announcement followed a contentious election, marked by widespread fraud that left none of the candidates with a 50% majority of the votes. Dr. Abdullah Abdullah's decision to not participate in a second round of elections paved the way for the IEC's declaration.²¹¹

Following the elections, the international community called on President Karzai to appoint a cabinet of reform-minded ministers to improve governance and reduce corruption. As stated by the UN Secretary-General, "Given the irregularities experienced in the 2009 presidential election, the newly appointed government will have to demonstrate its legitimacy by the manner in which it delivers on its commitments."²¹²

On December 19, 2009, President Karzai submitted the first round of candidates for his new cabinet to the **Wolesi Jirga**, which must issue a vote of confidence to confirm cabinet appointees.²¹³ The Wolesi Jirga rejected most of the nominees, including the only woman nominated.²¹⁴

On January 9, President Karzai presented a second group of nominees.²¹⁵ On January 16, the Wolesi Jirga approved 7 of them but rejected 10. The approved ministers will be appointed to the ministries of Foreign Affairs, Justice, Counter-Narcotics, Pilgrimage, and Rural Rehabilitation.²¹⁶

Wolesi Jirga: The lower house of the Afghan National Assembly, comprising 249 elected representatives

Source: CRS, "Afghanistan: Politics, Elections, and Government Performance," 11/2/2009, p. 2.

FIGURE 3.29

CORRUPTION RANKINGS, 2005–2009 Afghanistan vs. All Countries Surveyed



Note: Afghanistan was not ranked in 2006.

Sources: Transparency International, "Annual Report: 2005," 2005, p. 17; Transparency International, "Annual Report: 2007," 2007, p. 27; Transparency International, "Annual Report: 2008," 2008, p. 51; Transparency International, "Corruption Perceptions Index 2009," accessed online 1/11/2010.

GOVERNANCE

The Afghanistan National Development Strategy (ANDS) stresses the development of governance as "essential" to attaining the national vision for the GIRoA and to creating a stable and functional society.²¹⁷ It identifies three major challenges to strong governance in Afghanistan: corruption, low public-sector capacity, and gender inequality.²¹⁸ To combat these challenges, the ANDS specifies several areas of focus, including a stronger IEC, public administration reform, and programs to fight corruption in the government.²¹⁹

Anti-Corruption

The international community, including the U.S. President and Secretary of State, has voiced concerns about the levels of corruption in the GIRoA.²²⁰ In Transparency International's "Corruption Perceptions Index 2009," Afghanistan ranked 179, second only to Somalia in perceived levels of corruption.²²¹ Figure 3.29 reviews Afghanistan's rank in the index over the past five years. Figure 3.30 shows the countries ranked worst in terms of public perception of corruption in 2009.

President Karzai has announced plans to reduce corruption. They include simplifying administrative systems and strengthening accountability for international donor funds that pass through the GIRoA.²²²

Corruption undermines security, development, and state- and democracy-building activities, according to a USAID-funded assessment. The assessment found that corruption in Afghanistan has become "pervasive, entrenched, and

FIGURE 3.30

CORRUPTION: WORST-PERCEIVED COUNTRIES, 2009
Ranked Out of 180 Countries



Note: The tie for 176 eliminated 177 from the ranking.

Source: Transparency International, "Corruption Perceptions Index 2009," accessed online 1/13/2010.

systemic."²²³ The Overseas Private Investment Corporation (OPIC) recently noted that the high levels of corruption in permit and customs offices in Afghanistan impede the success of private-sector projects.²²⁴

This quarter, SIGAR published an audit of Afghanistan's High Office of Oversight (HOO) that found that the HOO does not meet the organizational, external, or personal independence requirements necessary to be an effective oversight body. The audit also found that the HOO continues to experience operational challenges, including limited availability of qualified personnel. In addition, it found that the United States, which has committed to support the HOO, has not designated an office or individual responsible for providing assistance.²²⁵ SIGAR made several recommendations to improve the capabilities of the HOO. For details, see Section 2, "SIGAR Oversight."

Capacity Development in Public Administration

The ANDS goals for public administration focus on enhancing the capacity and quality of the GIRoA workforce.²²⁶ One way in which the United States plans to help the GIRoA achieve these goals, according to DoS, is by increasing the number of Afghan ministries that are certified to receive direct U.S. funding. DoS stated that increased direct funding will help enhance the ministries' capacity, improve the effectiveness of U.S. assistance, and decrease U.S. reliance on contractors to

"We'll support Afghan ministries, governors, and local leaders that combat corruption and deliver for the people. We expect those who are ineffective or corrupt to be held accountable."

—U.S. President Barack Obama

Source: White House, "Remarks by the President in Address to the Nation on the Way Forward in Afghanistan and Pakistan," 12/1/2009.

GOVERNANCE

provide that assistance.²²⁷ Direct funding to ministries has been restricted to about 10% of U.S. aid in order to prevent corruption, but the U.S. Special Representative for Afghanistan and Pakistan stated in May 2009 that the figure would have to be increased to 40% or 50% to improve capacity within ministries.²²⁸

USAID reported a large discrepancy between the salaries of Afghan and expatriate advisors (paid by donors) and those of government employees (paid by the GIRoA). This discrepancy has created what the World Bank has called a “second civil service.” Similarly, USAID noted that it is difficult to determine where the work of advising, mentoring, and coaching by advisors ends and the actual work of GIRoA staff members begins.²²⁹

To combat salary-related challenges, USAID and its implementing partners plan to end all salary supplements and payments to GIRoA officials by January 31, 2010. Instead, all salary assistance will be made in the form of on-budget direct transfers from USAID to the Afghan Ministry of Finance through the Civilian Technical Assistance Plan (CTAP). In so doing, USAID hopes to prevent multiple-source payments and align all government payments with the GIRoA pay scale. The CTAP focuses on empowering the GIRoA to recruit, hire, and place technical advisors at national, provincial, and district levels.²³⁰

Table 3.6 provides information about USAID plans to update public administration programming for 2010, including updates to older programs, and a new performance-based incentive program for provincial governors.

Another issue facing the development of the GIRoA’s capacity in public administration is the political nature of the appointment process. According to DoS, district administrator and governorship appointments are made through the collaboration of the Independent Directorate of Local Governance (IDLG) and the **Special Advisory Board** to the President for Senior Appointments. The IDLG recommends candidates, and the Special Advisory Board vets them. DoS

Special Advisory Board: A five-member panel; two members are appointed by the Afghan President. According to DoS, the Board experienced difficulties at first, but has seen an improvement in the number of consultations it has been asked to undertake. The Board’s review is now a standard part of the appointment process for governors and district administrators.

Source: DoS, response to SIGAR data call, 1/6/2010.

TABLE 3.6

USAID PUBLIC ADMINISTRATION REFORM PROGRAMMING FOR 2010	
Current Program	Plans for Updated Programming
Support to the Center of Government Program (2003–March 2010): Sponsored by the Asia Foundation, this program provides technical assistance and salary supplementation to the Office of Administrative Affairs, the HOO, and the Ministry of Foreign Affairs.	Updated Programming: USAID plans to design three new technical assistance mechanisms to replace the existing program. The mechanisms will be designed on the basis of discussions with the three institutions they will support: the Office of Administrative Affairs, the HOO, and the Ministry of Foreign Affairs.
Capacity Development Program: This program provides general capacity building and salary supplementation to several ministries and vocational institutions. It includes providing advisors to encourage a higher-quality workforce in GIRoA public administration.	Afghanistan Civil Support Program: This updated program will focus on building the capacity of the Independent Administrative Reform and Civil Service Commission, instead of individual ministries. The program also includes an exit strategy for U.S. support.
No program is currently in place.	Performance-Based Governor’s Fund: This new program will provide each provincial governor with \$25,000 per month for operating expenses, and monitor the spending of the funds.
Municipal Governance Program: This program focuses on small-scale infrastructure and some technical assistance. Currently, the program covers six municipalities.	Municipal Governance Program (updated): This program is expected to focus on three activities: building the capacity of municipal officials, providing a service-delivery grants fund for mayors, and building systems to increase revenue generation at the municipal level. The program plans to cover at least 42 municipalities.

Source: USAID, response to SIGAR data call, 1/5/2010.

reported that because the president of Afghanistan has ultimate authority over all appointments, they are inextricably connected with factors other than strict qualifications—a possible hindrance to enhancing the quality of the GIRoA workforce. One potential resolution may lie in the proposed sub-national governance policy. According to DoS, this policy would require that district administrators be selected based on merit. The new cabinet is expected to review the policy during one of its first meetings.²³¹

Overall, the quality of the GIRoA workforce remains weak, as reported by DoS. Many government workers are ill qualified or under-trained for the jobs they are expected to perform, and in some agencies (such as the police force), finding literate workers is a challenge. To enhance the quality of the workforce, the United States is assisting Afghan institutions in developing in-house training programs. For example, U.S. funding supports the Independent National Legal Training Center, which provides post-graduate training for young lawyers. It also supports the Civil Service Commission, which expects to train 16,000 civil servants in functionalities, including procurement, financial management, project management, and human resources.²³²

Building Capacity for Elections

In December 2009, the UN Secretary-General stressed the need to reform the Afghan electoral system before the 2010 parliamentary elections, in light of the violence and fraud reported during the 2009 presidential elections. The suggested reform measures included reviews of five elements of Afghan elections:²³³

- the impartiality of the appointment mechanism for IEC commissioners
- the construction of sustainable structures for the organization of elections
- ways to improve the voter registration system
- the development of mechanisms for domestic observation
- the legal framework for elections

DoS reported that the way in which the elections were conducted did not have a strong influence on public opinion about the government; however, UN observations suggest that the process damaged Afghans' trust in the country's economic and social stability.²³⁴ Several banking institutions have reported an increase in withdrawals from private banks, and embassies in Kabul have reported a large increase in the number of Afghans applying for visas.²³⁵

The IEC announced this quarter that it plans to conduct parliamentary elections (for the Wolesi Jirga) on schedule in May 2010.²³⁶ However, district elections, initially scheduled to take place in 2010 as well, have been postponed indefinitely. According to the Congressional Research Service (CRS), continued corruption and the limited availability of qualified Afghan staff have contributed to the delay.²³⁷

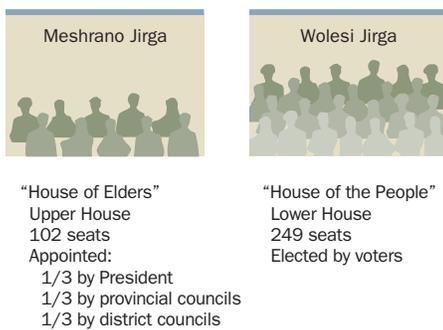
“The elections were a revealing snapshot of what has not been achieved in Afghanistan. Despite the flaws, however, this is not a reason to abandon what has been achieved and what must now be built upon.”

—UN Secretary-General
Ban Ki-moon

Source: UN, “Report of the Secretary-General: The Situation in Afghanistan and Its Implications for International Peace and Security,” 12/28/2009, p. 11.

FIGURE 3.31

HOUSES OF THE AFGHAN NATIONAL ASSEMBLY



Source: CRS, "Afghanistan: Politics, Elections, and Government Performance," 11/2/2009.

Legislative Updates

By constitutional mandate, the National Assembly meets in two sessions each year for a total of nine months. For a vote to be taken, each house must establish a quorum: a majority of the Assembly members must be present.²³⁸ On January 6, 2010, DoS reported that according to U.S. Embassy Kabul estimates, the National Assembly has had a quorum only 15% of the time it met.²³⁹

Figure 3.31 gives details on the two houses of the Afghan National Assembly. According to the CRS, because of the delayed district council elections, the responsibility for appointing two-thirds of the Meshrano Jirga will fall to provincial councils. Ordinarily, the provincial councils would appoint only one-third of the seats.²⁴⁰

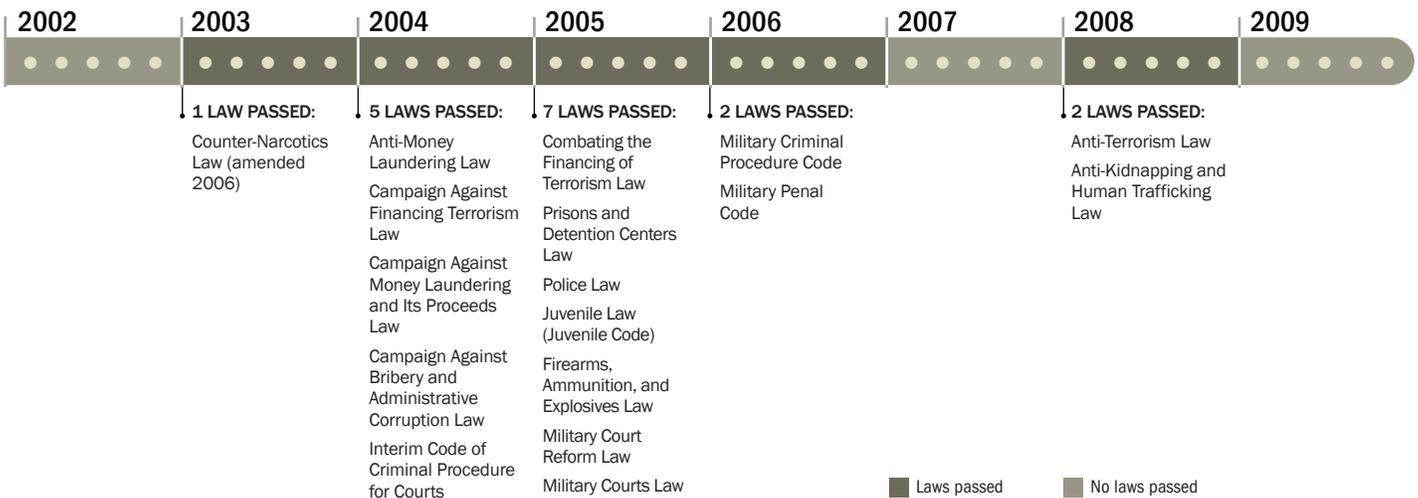
Since 2003, the National Assembly has passed 17 criminal laws, according to INL; none were passed in either 2007 or 2009 (see Figure 3.32).²⁴¹ DoS reported that the main challenges to passing legislation in Afghanistan are ethnic and regional divisions, and the lack of formal political parties and structures.²⁴²

Afghan Census

A national census has never been completed in Afghanistan.²⁴³ A census would provide the GIROA with population data and establish national economic and poverty baselines. The ANDS goal was to have a census done by the end of 2008; instead, the census is now expected to start in 2010.²⁴⁴ The United Nations Population Fund (UNFPA) attributes the delay to security concerns, but the Afghan Central Statistics Organization (CSO) reported that its capabilities had

FIGURE 3.32

AFGHAN CRIMINAL LAW PASSAGE BY YEAR



Source: INL, response to SIGAR data call, 1/11/2010.

been “rendered almost completely ineffective” as a result of more than two decades of war.²⁴⁵

Previous attempts to complete a national census also met with difficulty. A 1979 attempt was terminated after the Soviet Union invaded. In August 2002, the UNFPA launched an effort to assist in a 2005 national census, but the project was either abandoned or delayed; no information is available from that effort.²⁴⁶ The Central Intelligence Agency (CIA) estimates the current population of Afghanistan at more than 28 million.²⁴⁷

Only eight countries have not completed a census since 1985: Afghanistan, Angola, the Democratic Republic of the Congo, Djibouti, Eritrea, Lebanon, Myanmar, and Togo.

Source: UN Statistics Division, “Census Dates for All Countries,” accessed online 1/11/2010.

JUSTICE REFORM

According to DoS, the Afghan statutory framework is still weak. Although some laws have been updated with the help of mentors and drafting experts, DoS stated that the overall framework remains “insufficient to provide clear direction to government officials and to guarantee basic rights to citizens.”²⁴⁸ An estimated 80% of local disputes continue to be solved by consultative councils of local leaders.²⁴⁹

Within the ANDS, the GIRoA recognized that strong justice reform and rule of law are fundamental to improved economic growth, which would increase employment opportunities and thereby reduce poverty.²⁵⁰ Table 3.7 provides details on goals for justice reform.

TABLE 3.7

STRATEGIC PRIORITIES FOR JUSTICE AND RULE OF LAW		
Benchmark Number	Afghanistan Compact Rule of Law Benchmarks	Target Completion Date
1	The legal framework required under the Constitution—including civil, criminal, and commercial law—will be put in place, distributed to all judicial and legislative institutions, and made available to the public.	End of 2010
2	Functioning institutions of justice will be fully operational in each province of Afghanistan, and the average time to resolve contract disputes will be reduced as much as possible.	End of 2010
3a	Review and reform of oversight procedures relating to corruption, lack of due process, and miscarriage of justice will be initiated.	End of 2010
3b	Reformations to strengthen the professionalism, credibility, and integrity of key institutions of the justice system (Ministry of Justice, Judiciary, Attorney-General’s Office, Ministry of Interior, and National Directorate of Security).	End of 2010
4	Justice infrastructure will be rehabilitated, and prisons will have separate facilities for women and juveniles.	End of 2010

Source: GIRoA, “Afghanistan National Development Strategy: Governance, Rule of Law, and Human Rights,” p. 65; GIRoA, “The Afghanistan Compact,” 1/31–2/1/2006, p. 8.

GOVERNANCE

TABLE 3.8

INL JUSTICE REFORM GOALS	
High-Level Goal	Quarterly Update
Focus on providing justice to a larger portion of the population, including women, juveniles, and minorities	INL modified task orders for the Justice Sector Support Program (JSSP) and Correctional System Support Program (CSSP), expanding assistance to women and juveniles. As part of this effort, INL worked closely with the Ministry of Justice Directorate, which is responsible for juvenile justice within the GiRoA.
Encourage the GiRoA to take appropriate steps to integrate existing traditional justice mechanisms into the new justice system	INL, through the JSSP, is assisting in the development of a GiRoA policy for integrating traditional justice into the formal justice system. The working group decided to restart the process to include all Afghan ministries. During the previous iteration of this exercise, the Ministry of Women's Affairs and the Afghan Independent Human Rights Commission boycotted the proceedings. The JSSP worked to re-engage both entities in the process.

Source: INL, response to SIGAR data call, 1/9/2010.

To assist the GiRoA in meeting these objectives, U.S. goals focus on obtaining tangible improvements in the Afghan justice system.²⁵¹ Table 3.8 lists two INL goals specifically focused on justice reform, along with updates on progress for this quarter.

Criminal Procedure Code

As of January 2010, the Afghan National Assembly has still not reviewed the draft version of the revised Criminal Procedure Code (CPC). As reported last quarter, the draft CPC was delivered to the Ministry of Justice in June 2009 by the Criminal Law Reform Working Group—co-chaired by the Justice Sector Support Program (JSSP) and the UN Office on Drugs and Crime. INL reported that the new CPC comports with the new Constitution and works to meld Islamic law principles with international standards. INL also stated that the greatest threat to improved criminal procedure is the replacement of the Minister of Justice, because “a change at the top has the potential to paralyze the whole organization for a long time.”²⁵² President Karzai’s new Minister of Justice was approved on January 16, 2010.²⁵³

According to INL, elements of the CPC are being implemented ad hoc, and U.S. justice advisors do not distinguish between the new and old CPCs in trying to ensure that current laws are enforced as written. U.S. funding through INL supports nine DoJ advisors, who work directly with the Criminal Justice Task Force, the Major Crimes Task Force, and the Anti-Corruption Unit (ACU).²⁵⁴

Afghanistan Justice Sector Support Program

The advisory responsibilities of the Afghanistan JSSP were expanded recently to include the Afghan court system; previously, the program focused only on the Ministry of Justice and the Attorney General’s Office. In addition to continuing mentoring and advisory programs with the Afghan Supreme Court and training efforts in Kabul, the JSSP plans to include judges in its regional training

The mission of the Afghanistan JSSP:
“To assist the government of Afghanistan in developing and strengthening the country’s criminal justice sector, as a means to enable the courts and the professionals in the justice sector to deliver fair and effective services to the citizens of Afghanistan.”

Source: JSSP “Mission,” accessed online 1/11/2010.

TABLE 3.9

JSSP QUARTERLY UPDATE	
Area of Advisory Service	Description of Activities
Training	<p>Prosecutors and Criminal Investigative Department (CID) police continued to receive training at five regional centers.</p> <p>Modifications to the JSSP task force expanded its responsibilities to include training for the Public Affairs offices of the Ministry of Justice and the Attorney General's Office.</p>
Advising	<p>INL provided two assistance packages to the ACU, including motorcycles, cell phones, cameras, and computer and office equipment.</p> <p>The JSSP provided each regional center with a senior advisor, tasked with mentoring senior Afghan justice officials in provincial capitals.</p> <p>INL assigned a senior provincial justice advisor based in Kabul to visit every province and assess the training and capacity building needs in each province.</p>
Capacity Building	<p>JSSP dedicated Afghan legal consultants in the Attorney General's Office, the ACU, and the Ministry of Justice who provide day-to-day assistance to the Attorney General, the Minister of Justice, and their deputies.</p> <p>INL provided international advisors to assist the Criminal Legal Reform Working Group, which has been responsible for re-drafting the CPC and the Penal Code. Advisors on implementing priority reorganization and reform were also provided for the Attorney General's Office.</p>

Source: INL, response to SIGAR data call, 1/9/2010.

programs, including specialized training for provincial judges.²⁵⁵ Table 3.9 provides details on JSSP activities during the last quarter, as provided by INL.

Corrections System Support Program

The Corrections System Support Program (CSSP) is an INL program that works with the GIRoA to bolster the Afghan prison system. Its overarching goal is to help the GIRoA create a safe, organized, modern prison system capable of effective prisoner rehabilitation. Currently, 35 U.S. corrections advisors are working on the CSSP.²⁵⁶

According to INL, the ongoing challenges to Afghan corrections include an under-funded and under-staffed Central Prison Directorate (CPD), decrepit and overcrowded facilities, and a lack of alternatives to incarceration.²⁵⁷

INL's goals for the CSSP in 2010 include an increased focus on deradicalization, reintegration, and rehabilitation programming; a partnership with the CPD to implement alternatives to incarceration; and the implementation of a standardized prisoner classification system across Afghanistan. In addition, INL plans to expand the geographic reach of corrections mentors to include work and training on the district level at key detention centers.²⁵⁸

As reported by INL, the CSSP completed these activities this quarter:²⁵⁹

- provided training to the CPD guards in Lashkar Gah, in partnership with the United Kingdom, thereby aiding in the peaceful transfer of prisoners to a newly constructed facility

GOVERNANCE

TABLE 3.10

INL SALARY SUPPORT TO THE AFGHAN JUSTICE SECTOR			
Fund	Amount	Initiatives Supported	Status of Funds
Afghan Reconstruction Trust Fund (ARTF)	\$5 million	Pledged at the Rome Conference in 2007, these funds were set aside to support salaries for Afghan prosecutors.	As reported by INL, the ARTF has been slow to finalize the process for transferring funds into the Trust Fund. As of December 31, 2009, these funds were still being held at the U.S. Embassy Kabul.
Law and Order Trust Fund of Afghanistan (LOTFA)	\$10 million	Designed to last for two years, these funds were provided as salary support for Afghan corrections officers.	All funds have been delivered to the LOTFA, and salaries are being distributed to corrections officers. The LOTFA started disbursing these funds in October 2009.

Source: INL, response to SIGAR data call, 1/9/2010.

- served as an impartial observer of the CPD Priority Reform and Reorganization testing process in almost all provincial prisons
- trained more than 100 guards, including 28 in emergency response and 27 in computers

INL also provided specific funding for salaries of Afghan correction officers.²⁶⁰ Table 3.10 shows the INL funding for two justice-related trust funds, the programs supported by these funds, and the status of each.

Ongoing Programs for Justice Reform

U.S. assistance to the Afghan justice sector includes management and financial support for justice programs that address justice integration, improved legal education and training, and enhanced anti-corruption programming.²⁶¹

Justice Integration

The GIRoA's poor communication across ministries and disintegration of services has caused inefficiency and a lack of transparency, including difficulty in processing criminal cases, according to DoS. The breakdown in communications increases corruption and encourages a disregard for the rights of the accused. To combat this problem, INL is sponsoring a program that organizes and reviews prison records, seeking case closures if needed. DoS reported that this program has already resulted in the release of more than 120 prisoners who were being held in prison after finishing their sentences because of administrative confusion.²⁶²

Legal Education and Training

DoS is funding training sessions for all Afghan justice professionals, including prosecutors, investigative police, and judges. This training focuses on investigating and prosecuting high-level criminal cases.²⁶³ In addition, Afghan legal consultants (with significant expertise in Afghan constitutional and criminal law) are conducting hands-on advisory and capacity-building services in 25 provinces, working from 8 regional centers.²⁶⁴

INL sponsors the Legal Education and Access to Justice Program, which expanded this quarter to include a moot court program for law students at three Afghan universities. The program is also funding the development of a modern legal curriculum at the American University at Kabul. INL plans to expand the curriculum to other universities in Afghanistan.²⁶⁵

INL also sponsors education for Afghan legal educators in the United States. In both 2008 and 2009, INL provided funding for legal educators to study for a Master of Laws degree in the United States. INL reported that it plans to sponsor a similar program in 2010.²⁶⁶

Anti-Corruption in the Justice Sector

DoS stressed the importance of anti-corruption programming across all levels of the GIROA, including the Ministry of Justice. Corruption affects DoS/INL programming for justice in several ways: it undermines foreign assistance, it diverts funds from legitimate activities, and it makes it harder to find credible Afghan advisors and ministry staff members.²⁶⁷ U.S. programs sustain the GIROA's long-term efforts to combat corruption through various means:²⁶⁸

- financial, material, technical, and advisory support to the ACU and prosecutors supporting the Major Crimes Task Force and Criminal Justice Task Force
- joint police, prosecution, defense, and judicial capacity-building efforts, including workshops and mock trials, to create a more functional justice system
- ministerial-level capacity building through mentors to improve transparency, oversight, and management within the Supreme Court, the Attorney General's Office, and the Ministry of Justice
- Afghan ministerial participation in regional rule of law workshops and other events in Asia and the Middle East
- mentoring of justice officials, leading to the implementation of ethics codes for judges and prosecutors

In addition, INL reported that it has established a review process for all contractor-submitted purchase requests and invoices to ensure that billing is in line with proposals and comparable to fair market value within Afghanistan. INL also reported that the U.S. Embassy has established a corruption reporting system, which tracks allegations of corruption involving U.S. government property or resources; the U.S. Embassy takes action on reports submitted to the system.²⁶⁹

HUMAN RIGHTS

In December 2009, the Afghan Independent Human Rights Commission (AIHRC) reported that the GIROA had made some progress in human rights, including support for new legislation and the establishment of new policies and programs to promote better human rights standards. However, despite the recent commitments and efforts by the GIROA, the AIHRC reported continued systematic discrimination and weak judicial institutions.²⁷⁰



UNHCR recently launched a program to assist recent returnees, IDPs, and others living in Kabul city at risk during the cold winter. (UNAMA photo, Fardin Waezi)

Refugee: The UNHCR subscribes to the definition created during the 1951 Refugee Convention: a refugee is a person who, “owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality, and is unable to, or owing to such fear, is unwilling to avail himself of the protection of that country.”

IDPs: Unlike refugees, IDPs have not crossed an international border to find sanctuary but have remained in their home countries. IDPs legally remain under the protection of their own government—even when that government is the reason for their flight. As citizens, they retain all their rights and protections under human rights law and international humanitarian law.

Returnees: Refugees and internally displaced persons returning to their homes

Sources: UNHCR, “Refugees,” accessed online 12/9/2009. UNHCR, “Internally Displaced Persons,” accessed online 12/9/2009. UNHCR, “Returnees,” accessed online 1/6/2010.

Refugees and Internally Displaced Persons

The ANDS objectives for **refugees** and internally displaced persons (**IDPs**) focus on a single principle—the efficient management of voluntary return and productive reintegration of all displaced Afghan citizens.²⁷¹

More than 5 million refugees have returned to Afghanistan since 2002, almost all of whom had returned as of 2004.²⁷² The influx of returnees increased the estimated population of Afghanistan by more than 20%. In a December 2009 report, the United Nations High Commissioner for Refugees (UNHCR) estimated that in some areas, one in every three people is a **returnee**. UNHCR reported that the needs most often articulated by returnees are for shelter, water, and livelihood support. Returnee children face concerns including child labor, human trafficking, and early or forced marriage. The needs of returnee populations continue to strain resources and add to security concerns in some regions.²⁷³ The UNHCR has established a set of goals to improve conditions for returnees in 2010, shown in Table 3.11.

Although many refugees have returned to Afghanistan, the UN Assistance Mission in Afghanistan (UNAMA) reported that approximately 1.7 million Afghans are still living in camps and urban areas in Pakistan. On December 15, 2009, the Pakistan Ministry of States and Frontier Regions submitted a document detailing an Afghan refugee repatriation strategy to the Prime Minister of Pakistan; however, the government of Pakistan assured the UNHCR that no action would be taken against registered Afghan refugees until the document was signed. The prior strategy, agreed upon by Afghanistan, Pakistan, and the UNHCR, allowed Afghan refugees to remain in Pakistan after December 31, 2009.²⁷⁴

Gender Equity

In 2008, the UN Development Fund for Women (UNIFEM) stated that although women in Afghanistan continued to face challenges, they were beginning to participate more openly in public, private, and non-profit arenas, including government.²⁷⁵ Afghan women have held such prominent positions as presidential candidate, governor (of Bamyan province), cabinet member, and judge, as

TABLE 3.11

UNHCR KEY TARGETS FOR AFGHAN RETURNEES IN 2010	
Target	Number of Afghans Affected
Provide two-room shelters to homeless refugees and IDP returnees	18,800 returnees
Water supplies	3,800 communities with refugee returnees, 135 with IDP returnees
Transport and cash grants to allow returnees to meet basic needs upon their return	165,000 returnees
Employment activities based in the community to promote livelihood and income	360 returnee communities
Emergency response non-food items to cover essential needs	100,000 newly displaced families

Source: UNHCR, “Global Appeal: Afghanistan, 2010–2011,” 12/1/2009, p. 2.

GOVERNANCE

well as journalist and businesswoman.²⁷⁶ The UN Development Programme (UNDP) reported that the Afghan National Assembly allocates one of the highest percentages of seats for women of any country—17 of the 102 seats in the Meshrano Jirga and 62 of the 249 seats in the Wolesi Jirga.²⁷⁷ However, the UNDP noted that without substantial female political participation at the local level, high-level achievement will have little impact. Currently, women are not well represented at local levels.²⁷⁸

With the requirement to wear the *burqa* lifted, women have also become the target of increased attention from Taliban supporters and other extremists. Violence against women has increased in some regions of Afghanistan; incidents include attacks on girls' schools and athletic facilities. Acid throwing has also been reported.²⁷⁹

The GIROA set a goal in the ANDS to create “an Afghanistan where men and women enjoy security, equal rights, and equal opportunities in all spheres of life.”²⁸⁰ To emphasize its commitment to gender equality, the GIROA created the National Action Plan for Women of Afghanistan (NAPWA), a 10-year action plan to measure improved commitments to female constituents. Both the Afghan Constitution and the ANDS have listed achievement of NAPWA goals as benchmarks for gender equality.²⁸¹ The NAPWA focuses on three high-level outcomes, as outlined in the ANDS:²⁸²

- government entities emphasizing gender equality in their employment, promotion, policy making, and budgetary allocations
- measurable improvements in women's status
- greater social acceptance of gender equality in Afghanistan as a whole, including increased female participation in public affairs and policy discussions

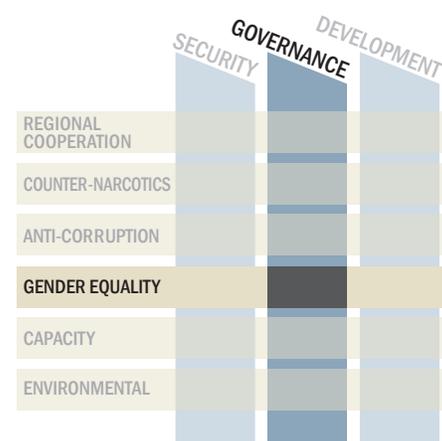
Illiteracy continues to be a challenge for gender equality. In 2006, according to the Ministry of Rural Rehabilitation and Development (MRRD), women in every province were less likely to be able to read than men. In 27 of the 34 provinces, men's literacy rates were at least 10% greater than women's.²⁸³ As reported by the UNDP, Afghanistan still has the lowest female literacy rates among its neighbors, other post-conflict nations, and landlocked Asian countries.²⁸⁴

Traditional customs create challenges, as well. The AIHRC reported that elopement, *bad* and *badal* marriages, and domestic violence—along with other social problems—arise from certain conservative traditions practiced in Afghanistan.²⁸⁵

The UNDP noted that violence against women is a pervasive issue. Along with long-term exposure to hostility and conflict, it is one of the main factors contributing to the continued low status of women in Afghanistan.²⁸⁶

Religious Freedom

Among the 99% of the Afghan population who are Muslim, observers estimate that approximately 80% are Sunni and 19% Shi'a, as reported by DoS. Minority religious groups, which make up less than 1% of the population, have reported



Some of the measurable elements in the NAPWA include reduced illiteracy, higher net enrollment ratio in educational and training programs, equal wages for equal work, lower maternal mortality, increased leadership and participation in all spheres of life, greater economic opportunities and access to and control over productive assets and income, adequate access to equal justice, and reduced vulnerability to violence in public and domestic spheres.

Source: GIROA, “The Afghanistan National Development Strategy,” p. 14.

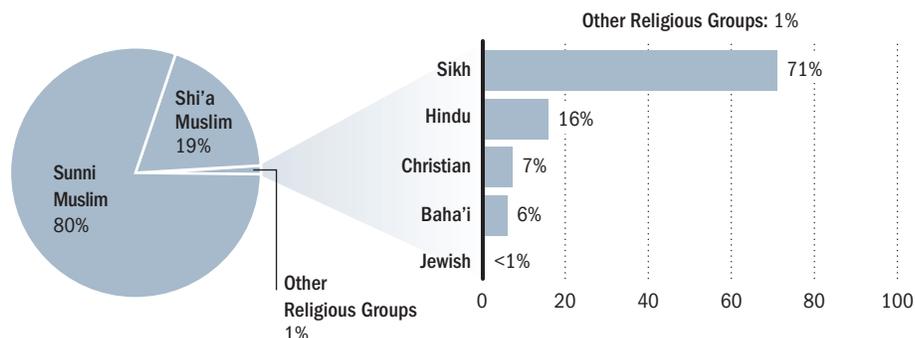
Bad marriage: forced marriage

Badal marriage: marriage before the legally permissible age

Source: USAID, response to SIGAR data call, 10/2/2009.

FIGURE 3.33

AFGHAN RELIGIOUS AFFILIATIONS (PERCENT)



Notes: Reliable census figures are unavailable. Figures are based on observers' estimates; estimates of numbers of Christians range from 500 to 8,000.

Source: DoS, "International Religious Freedom Report 2009: Afghanistan," 10/26/2009.

incidents of harassment during religious celebrations, difficulty obtaining land for cremation, and challenges in obtaining government jobs.²⁸⁷ Figure 3.33 provides an overview of religious demographics in Afghanistan.

In October 2009, DoS reported that "serious problems remain" in enforcing the Afghan Constitution's mandate of religious freedom. Among these problems are the potentially contradictory commitments in the Constitution itself. Despite its provision that Afghanistan will follow the Universal Declaration of Human Rights, the Constitution also states that Islam is the official religion of the state and that "no law can be contrary to the beliefs and provisions of the sacred religion of Islam." When no specific law is laid out by the Constitution or penal code, the UN reports that Afghan courts rely on Shari'a (Islamic) law.²⁸⁸ In May 2007, according to the CRS, the Afghan Supreme Court declared the Baha'i faith a form of blasphemy.²⁸⁹

However, the CRS reports some progress. The Shiites, most of whom live in Bamyan and Daykundi provinces, are now permitted to practice their faith openly, a freedom that was prohibited under the Taliban.²⁹⁰

PROVINCIAL RECONSTRUCTION TEAMS

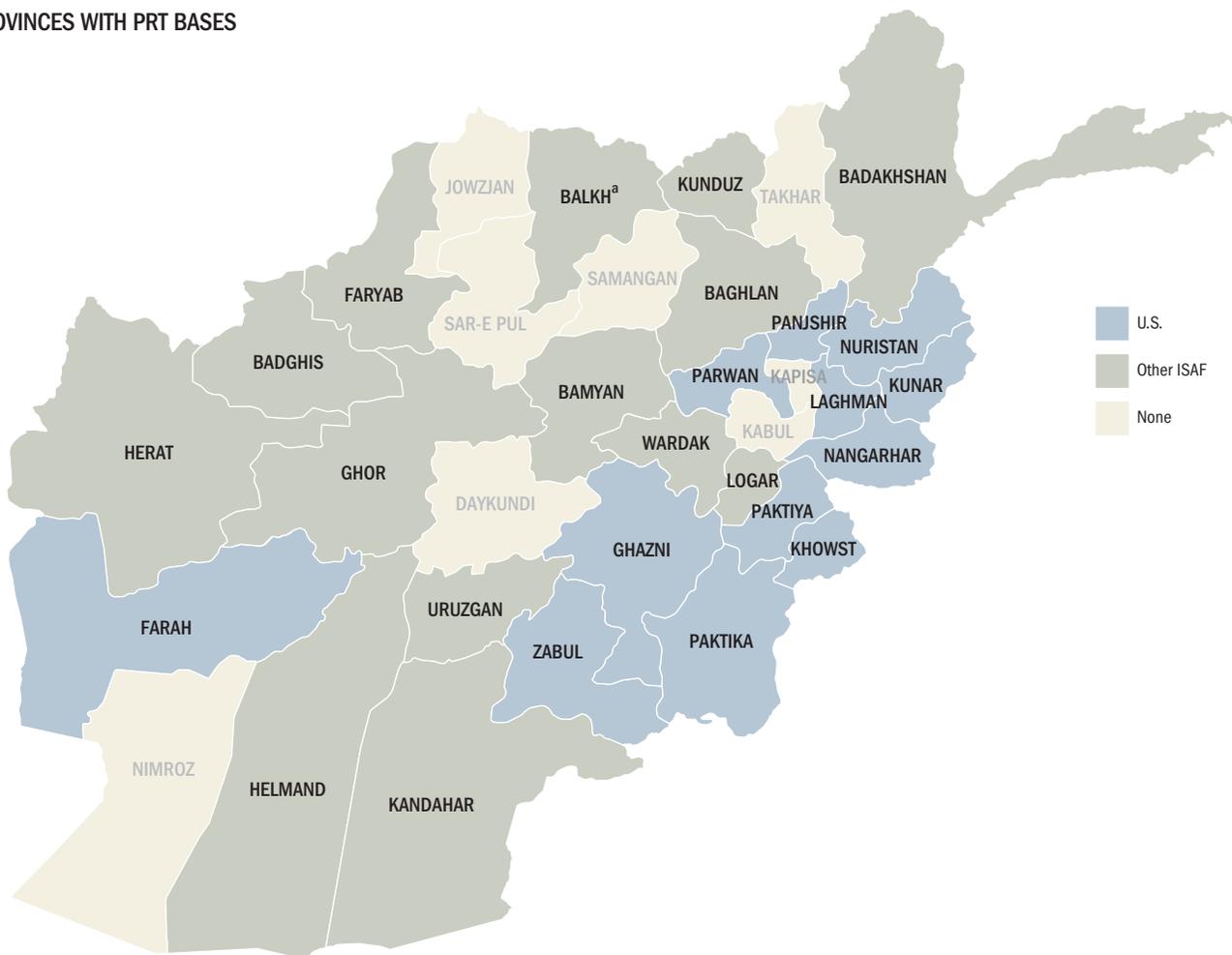
As discussed at the start of this section, the U.S. President has called for the pursuit of "a more effective civilian strategy" in Afghanistan.²⁹¹ Through the Afghanistan Support Office, DoS is coordinating an inter-agency effort to increase civilian staff levels in Provincial Reconstruction Teams (PRTs), "as required by the President's Afghanistan strategy." The increased numbers will include more governance and rule of law experts, who will work to combat corruption and enhance capacity in the GIRoA.²⁹²

GOVERNANCE

Twenty-six PRTs are operating in Afghanistan, each based in a different province; however, some PRTs work in more than one province. The United States supports and manages 12 PRTs, and other member nations of the International Security Assistance Force (ISAF) support and manage 14 PRTs.²⁹³ Figure 3.34 shows the provinces in which the U.S. and other ISAF PRTs have bases. According to USAID, PRTs are “key instruments” through which other countries and international organizations can assist provinces and districts.²⁹⁴ U.S. civilian personnel assigned to both U.S.- and ISAF-run PRTs focus on building the capacity of the GIROA and creating economic opportunities in order to minimize the appeal of the insurgency for Afghans.²⁹⁵

FIGURE 3.34

PROVINCES WITH PRT BASES



Note: Map depicts PRT base locations; some PRTs manage projects for more than one province.

a. Balkh PRT also supports Jowzjan, Sare Pul, and Samangan provinces.

Sources: DoS, response to SIGAR data call, 1/6/2010; NATO, "PRTs," 4/29/2009; USAID, "Paktia," accessed online 1/13/2010.

FIGURE 3.35

PAKTIYA PROVINCE

Estimated Population: 491,000
Attacks This Quarter: 68
Literacy Rate (2006): overall 31.3%
 men 38.8%, women 21.6%
PRT Managing Country: United States
PRT Staff: not available



PARWAN PROVINCE

Estimated Population: 590,000
Attacks This Quarter: 13
Literacy Rate (2007): overall 30.8%
 men 43.4%, women 16.1%
PRT Managing Country: United States
PRT Staff: not available



Note: Attacks include direct, indirect, complex, and IED attacks, 10/1/2009–12/27/2009, as reported by CSTC-A.
 Sources: USAID, "Paktya," accessed online 1/13/2010; USAID, "Parwan," accessed online 1/18/2010; CSTC-A, response to SIGAR data call, 1/4/2010; MRRD, "Literacy Rate for All Age in Rural Afghanistan," 10/2006; DoS, response to SIGAR data call, 1/6/2010.

U.S. PRTs

This subsection highlights 3 of the 12 PRTs currently supported by the United States in Afghanistan: Gardez PRT in Paktya province and Bagram PRT in Parwan province (shown in Figure 3.35), and Farah PRT (shown in Figure 3.36).

Gardez PRT in Paktya Province

According to USAID, Paktya continues to experience political unrest in part because local commanders have more power in the province than the central government does.²⁹⁶ Despite the instability in the province, the United States has more than 20 projects under way. The local PRT is managing three of those projects:²⁹⁷

- **Afghan Civilian Assistance Program (ACAP):** provides support for Afghan civilian families and communities that have suffered losses as a result of military operations between coalition forces and insurgents
- **Food Insecurity Response for Urban Populations:** promotes stability through temporary employment and income generation in targeted populations to reduce the number of food-insecure and unemployed Afghans joining the insurgency
- **Local Governance and Community Development (LGCD):** builds local governance in unstable areas, encourages local communities to develop and stabilize their area, and combats the causes of instability and insurgency

Bagram PRT in Parwan Province

Parwan province has a reputation as a tourist destination, according to USAID. Situated along the Salang River, the province is known for its fresh fish, and many people travel to the province from neighboring Kabul to eat at its restaurants. USAID has 30 ongoing projects in Parwan, including ACAP and LGCD projects managed by the province's PRT, which is based in Bagram.²⁹⁸

Bagram PRT also manages projects in Kapisa, a province with a smaller population than Parwan (393,000 people) but four times the number of attacks this quarter (58 in Kapisa, 13 in Parwan).²⁹⁹ Kapisa also lacks many basic services, including high-quality roads, according to USAID.³⁰⁰

In 2009, Bagram PRT participated in several construction site surveys in Kapisa, including the Tagab district center road, the Alasay district road, the Afghanya road, the Kohi girls' school, and other schools and road projects in the Nijrab district. In July 2009, members of the PRT conducted a meeting with Tagab district leaders to discuss concerns about the ongoing road construction.³⁰¹ In December 2008, USAID referred to Tagab as "one of the country's most under-served and insecure districts."³⁰²

Farah PRT

USAID reported that Afghans living in Farah "suffer from economic marginalization and heightened criminal and insurgent activity, which disrupts governance progress and aid operations."³⁰³ In addition to ACAP and LGCD projects currently under way, the PRT reported the completion of several projects in the province this year, including two key ones:

- construction of a Radio Television Afghanistan studio in May 2009, including a new transmission tower and antenna system, to expand the broadcast area to include remote locations (in cooperation with USAID and Intranews Network)³⁰⁴
- completion of a public library in January 2009, including separate reading rooms for boys and girls, donated books, a conference room, and offices³⁰⁵

Other ISAF PRTs

Other ISAF countries also provide substantial PRT support to Afghanistan. This subsection highlights three of these teams: Balkh PRT in the north (operated by Sweden), Helmand PRT in the south (operated by the United Kingdom), and Logar PRT in the east (operated by the Czech Republic).

Balkh PRT

Balkh PRT (also known as PRT MeS or PRT Mazar-e Sharif) is based in Balkh's capital city of Mazar-e Sharif. It supports the northern province of Balkh (shown in Figure 3.36), as well as Jowzjan, Samangan, and Sar-e Pul. The PRT is managed by Sweden, which assumed control from the United Kingdom in March 2006. Finland provides substantial personnel support.³⁰⁶ Sweden's support is made in conjunction with the Embassy of the Islamic Republic of Afghanistan to Oslo, which is accredited to Norway, Sweden, Denmark, Finland, and Iceland.³⁰⁷

According to the Embassy of Afghanistan in Oslo, Balkh PRT emphasizes programs that support capacity development through civil-military cooperation. Its efforts focus on mentoring and training programs for the Afghan National Army and civil projects conducted in cooperation with international and Afghan non-governmental organizations.³⁰⁸



The Farah PRT tours the remains of the Citadel in Farah City after completing a presence patrol. The Citadel was one of a series of fortresses constructed by Alexander the Great. (ISAF photo, U.S. Navy Mass Communications Specialist PO1 Monica R. Nelson)

FIGURE 3.36

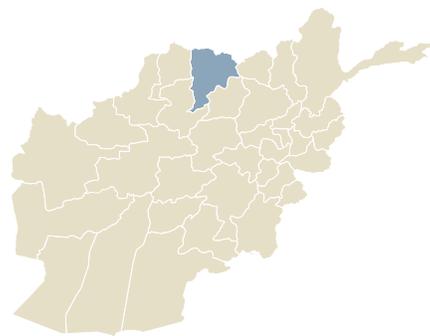
FARAH PROVINCE

Estimated Population:	457,000
Attacks This Quarter:	51
Literacy Rate (2007):	overall 17.8% men 23.1%, women 11.8%
PRT Managing Country:	United States
PRT Staff:	not available



BALKH PROVINCE

Estimated Population:	1,145,000
Attacks This Quarter:	12
Literacy Rate (2007):	overall 44% men 54%, women 32%
PRT Managing Country:	Sweden
PRT Staff:	378 375 officers and soldiers; 3 civilian advisors



Note: Attacks include direct, indirect, complex, and IED attacks as of 12/27/2009, as reported by CSTC-A.

Sources: USAID, "Balkh," accessed online 1/13/2010; USAID, "Farah," accessed online 1/18/2010; CSTC-A, response to SIGAR data call, 1/4/2010; MRRD, "Balkh," 10/2007, p. 10; MRRD, "Literacy Rate for All Age in Rural Afghanistan," 10/2006; CENTCOM, "Sweden," accessed online 1/13/2010.

FIGURE 3.37

HELMAND PROVINCE

Estimated Population: 822,000
Attacks This Quarter: 1,706
Literacy Rate: men <10%, women <1%
PRT Managing Country: United Kingdom
PRT Staff: 242
 91 civilian, 94 military,
 and 27 civilian police staff
 in Lashkar Gah; 30 locally
 engaged staff



Note: Attacks include direct, indirect, complex, and IED attacks as of 12/27/2009, as reported by CSTC-A.

Sources: USAID, "Hilmand," accessed online 1/14/2010; CSTC-A, response to SIGAR data call, 1/4/2010; U.K., "Some Achievements Since 2006," accessed online 1/13/2010; U.K., "Overview of Provincial Reconstruction Team," accessed online 1/13/2010.

Helmand PRT

Although the U.K. government operates Helmand PRT (see Figure 3.37), it also receives staffing and funding from the United States, Denmark, and Estonia. The PRT assists the Helmand provincial government in delivering security and effective government. According to the British Embassy in Afghanistan, the PRT is currently working on an over-arching plan that will focus on seven areas of development:³⁰⁹

- politics and reconciliation
- governance
- rule of law (including justice, police, and prisons)
- security
- economic and social development
- counter-narcotics
- strategic communications

Within the last year, Helmand PRT reported on three of its achievements in the province:³¹⁰

- increases in school enrollment from December 2008 to June 2009: 18% for boys and 14.5% for girls
- a modern prison, opened in October 2009, with a new wing slated for completion in 2010
- the province's first significant counter-narcotics convictions; from December 2008 to April 2009, the Criminal Justice Task Force convicted 19 people of narcotics offenses



U.S. and U.K. civilians of the Helmand PRT speak with the headmaster of the Nawa school house. (U.S. Marine Corps photo, LCpl Jeremy Harris)

Logar PRT

Led by the Czech Republic, the mission of Logar’s PRT (see Figure 3.38) is to “contribute to the development of Logar province, strengthen the role of Afghan government and enable its people to take a greater role in their everyday lives.” The civilian team comprises experts in civil engineering, agriculture, veterinary medicine, security, and media service. Logar PRT projects include efforts in eight areas:³¹¹

- security and governance
- infrastructure
- water sources and irrigation
- agriculture
- health care
- education
- women’s rights
- media

The PRT’s most recent report highlighted the October 2009 completion of three girls’ schools that will serve more than 1,000 local girls who used to study in tents. Logar PRT funded the project; the Provincial Ministry of Education in Logar organized and managed the construction efforts.³¹² The PRT also carried out other activities:³¹³

- purchased solar dryers to help farmers preserve fruit, enabling them to use more hygienic methods than drying fruit on rooftops, benefitting more than 900 residents
- employed more than 1,000 workers a day on PRT construction projects; workers are paid each week
- retrofitted the Surchab Dam, the only working dam in the province
- constructed two “badly needed” health clinics to increase hospital bed capacity

FIGURE 3.38

LOGAR PROVINCE

Estimated Population:	349,000
Attacks This Quarter:	59
Literacy Rate (2007):	overall 21% men 31%, women 9%
PRT Managing Country:	Czech Republic
PRT Staff:	285 10 civilians, 275 troops



Note: Attacks include direct, indirect, complex, and IED attacks as of 12/27/2009, as reported by CSTC-A.

Sources: USAID, “Logar,” accessed online 1/14/2010; CSTC-A, response to SIGAR data call, 1/4/2010; MRRD, “Logar: Provincial Profile,” 10/2007, p. 8; Government of the Czech Republic, “Czech-led PRT in Logar Province,” accessed online 1/13/2010.

ECONOMIC AND SOCIAL DEVELOPMENT

The U.S. President’s strategy that was announced on December 1, 2009, reemphasized economic development as a key to building a secure and stable Afghanistan. To implement this strategy, the United States is initiating a civilian surge to help strengthen economic development, especially at the local level. Agriculture, upon which most Afghans depend for a living, will be a major focus of the surge.³¹⁴

ECONOMIC GROWTH

This section provides a snapshot of the state of the Afghan economy, updating the progress being made in delivering essential services, boosting agricultural output, and growing the private sector. The Central Statistics Office (CSO) of the Government of the Islamic Republic of Afghanistan (GIROA) compiles economic statistics using both solar calendar and Gregorian calendar references. For example, solar year 1387 falls between March 2008 and March 2009.³¹⁵

The growth of Afghanistan’s real gross domestic product (GDP) decelerated in 2008/2009 as a result of decreased agricultural output but is expected to improve in 2009/2010 as the country recovers from drought. The CSO estimates that the Afghan economy grew by 2.3% in 2008/2009—the weakest performance during the post-Taliban era and much lower than the 16.2% growth rate achieved in 2007/2008.³¹⁶ International Monetary Fund (IMF) estimates show the same trend—3.4% annualized real growth in 2008, compared with 12.1% in 2007.³¹⁷

Agriculture accounts for more than one-third of Afghanistan’s national output.³¹⁸ The World Bank predicts that increased rainfall will enable Afghanistan to produce record harvests for the 2009 growing season that will significantly boost economic growth.³¹⁹ The Afghan Ministry of Agriculture, Irrigation, and Livestock (MAIL) estimates that total cereal crop production in Afghanistan reached a record 6.31 million tons in 2009.³²⁰ The World Bank reports that this level of agricultural output could boost overall GDP growth rates in Afghanistan by 10% or more in 2009/2010.³²¹ The U.S. Department of the Treasury (Treasury) projects that real GDP growth in Afghanistan could reach 15% for the year ending March 2010.³²²

The other dominant sectors of Afghanistan’s legal economy—services and industrial production—continued to benefit from an influx of reconstruction funding. The CSO reported that the service sector grew by an estimated 16% during 2008/2009, while industrial production grew by an estimated 7%. But public- and private-sector investment in Afghanistan appeared to have slowed.

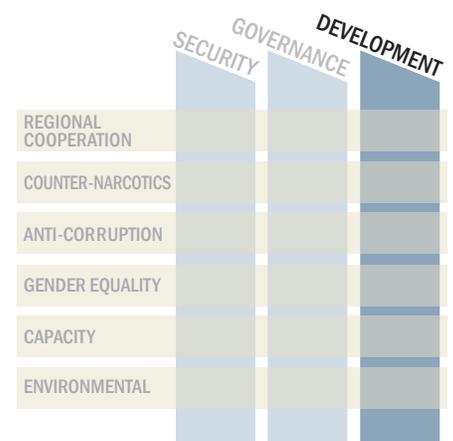
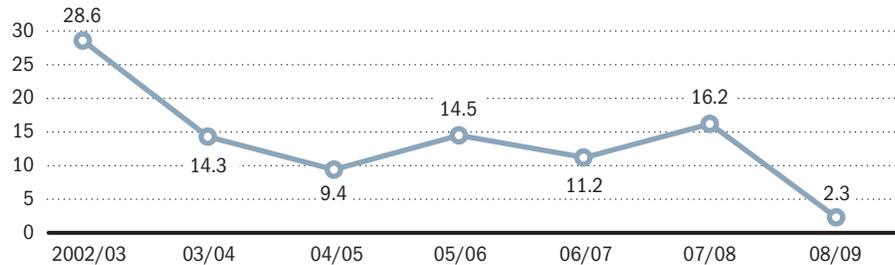


FIGURE 3.39

GDP GROWTH RATE, 2002-2009 (PERCENT)



Note: Numbers affected by rounding.

Source: GIRoA, CSO, "National Account Tables," accessed online 12/2/2009.

According to the CSO, the share of nominal investment as a percentage of GDP fell from an estimated 33% in 2006/2007 to 28% in 2008/2009.³²³ Figure 3.39 shows GDP growth rates from 2002 to 2009.

Inflation, Currency, and Exchange Rates

Inflation in Afghanistan remains volatile. Treasury reports that inflation trended downward in 2009/2010, largely because of lower food prices and prudent fiscal policies. The 12-month inflation rate fell from a peak of 43% in May 2008 to negative 13% in November 2009. Core inflation, which excludes food and fuel prices, also fell—from 12% in November 2008 to 10.6% in November 2009.³²⁴

According to the World Bank, one-month interest rates fell from a peak of 16% in March 2008 to 5.6% in August 2009.³²⁵ The central bank of Afghanistan (Da Afghanistan Bank) has helped stabilize the Afghani by keeping nominal exchange rates at roughly 2003 levels against the U.S. dollar, although fluctuations do occur.³²⁶ For 2009/2010, the central bank is reportedly keeping the amount of currency in circulation at or below nominal GDP growth rates, in accordance with its agreement with the IMF.³²⁷

Banking

As reported by SIGAR last quarter, the banking system in Afghanistan is experiencing rapid growth. From March 2008 to March 2009, deposits in commercial banks nearly doubled—from approximately \$1.18 billion to approximately \$2.28 billion.³²⁸ As of March 2009, the country had 147 full-service commercial bank branches in 27 locations, according to the Microfinance Investment Support Facility of Afghanistan (MISFA).³²⁹

The number of micro finance institutions (MFIs) is also growing. The central bank reported that MFIs serve approximately 12 times more credit clients than all commercial banks combined.³³⁰ As of May 2009, the most recent data available, MFIs in Afghanistan served more than 450,000 clients.³³¹ There is enormous

On January 13, 2010, the IMF announced completion of its sixth review of Afghanistan's economic performance under the Poverty Reduction and Growth Facility (PRGF). It found that the GIRoA was successfully implementing its 2009/2010 economic plan to keep inflation low, accommodate higher security spending, and preserve pro-poor spending, among other goals. As a result, the IMF released an additional \$8.89 million to the GIRoA, bringing total IMF disbursements to Afghanistan under the PRGF to \$118.53 million.

Source: IMF, press release #10/04, "IMF Executive Board Completes Sixth Review under the PRGF Arrangement for the Islamic Republic of Afghanistan," 1/13/2010.

room for growth for financial institutions that promote savings: only 2.6% of Afghans have a savings account, according to MISFA.³³²

A robust banking system helps support economic growth. In a recent World Bank report on the investment climate in Afghanistan, 38% of surveyed firms reported lack of access to finance as a major impediment.³³³ The survey found, however, that the number of firms establishing bank accounts has increased since 2005. Of the surveyed enterprises, 51% reported having a bank account; only 5% reported having a loan with a financial institution. Working capital is obtained primarily from earnings. Women business owners reported that the lack of access to capital was their most significant obstacle.³³⁴

Employment

As reported by SIGAR last quarter, although no detailed information on employment is available for Afghanistan, the U.S. Agency for International Development (USAID) estimated unemployment in the country to be about 40%.³³⁵

The Food Insecurity Response for Urban Population Program is an example of U.S. efforts to provide temporary employment for vulnerable populations in Afghanistan. On December 30, 2009, the U.S. Coordinating Director for Development and Economic Affairs joined the Director of Sanitation of the Kabul Municipal Government Sanitation Department to inaugurate a solid waste cleanup program for Kabul. Initially, the program will provide temporary employment during the winter months for 3,000 Kabul residents who lack sufficient income to buy food for their families. The goal of the program is to remove 80,000 metric tons (MT) of solid waste from Kabul. USAID reports that this effort is part of a \$60 million cash-for-work program that will provide temporary employment for tens of thousands of Afghans.³³⁶

Improving the skills of the Afghan workforce presents unique challenges in each sector of the economy. A World Bank survey (published in 2009) on the investment climate in Afghanistan found that lack of information technology (IT) capacity and training are obstacles to private sector growth and job creation. According to that survey, the proportion of surveyed firms using e-mail since 2005 has doubled; however, less than 10% of firms surveyed were connected to the Internet. Of those, more than half reported frequent service interruptions (13 or more) each month, with an average duration of 50 hours. Very few firms reported using technology licensed from foreign-owned companies.³³⁷

As part of its efforts to increase employment opportunities for women, USAID has provided IT training for 35 female university students in Nangarhar province—nearly half of the female students at Nangarhar University.³³⁸

ESSENTIAL SERVICES

Increasing access to essential services is key to helping Afghans build a better future for themselves and their country. This subsection reports on recent progress in increasing access to energy, education, transportation, and health care. It also focuses on the agricultural surge and the challenges to the agriculture sector

According to a recent IMF working paper, Afghan banks that lend extensively to domestic clients engage in extra-judicial, non-traditional contract enforcement, raising concerns about systemic risk.

Source: IMF, Working Paper WP/09/150, "Development of the Commercial Banking System in Afghanistan: Risks and Rewards," 7/2009, p. 1.

From September to November 2008, the World Bank surveyed 1,066 private-sector enterprises in 10 major Afghan cities to assess the climate for private-sector growth and job creation. This survey, published in 2009, was part of an ongoing effort to understand the components of private-sector growth in Afghanistan and to identify key opportunities and challenges.

Source: World Bank, "The Afghanistan Investment Climate in 2008," 11/20/2009, p. vi.

In the World Bank survey of Afghanistan's investment climate, 66% of surveyed firms reported lack of access to electricity as a major obstacle to expansion; 75% reported having their own generator; and a similar percentage reported getting electricity from private sources. Power outages were common for those connected to the national grid: nearly two-thirds of these firms reported an average of 23 power outages per month, lasting 11 hours each. Output losses due to outages reportedly equaled 9% of sales. Surveyed firms in Kabul and Jalalabad fared the worst in terms of access to publicly supplied electricity.

Source: World Bank, "The Afghanistan Investment Climate in 2008," 11/20/2009, pp. 19, 30-32.

FIGURE 3.40

NATIONAL ENERGY CAPACITY (MW)



■ Installed Capacity (1,028.5 MW)
 ▲ Operational Capacity (621.4 MW)

Note: Numbers affected by rounding.

Source: SIGAR Audit 10-4, "Afghanistan's Energy Sector," 1/15/2010, p. 7.

in Afghanistan. Highlights include efforts to refurbish the Kajaki Dam, the establishment of a new northern supply route into Afghanistan for non-lethal goods, a rise in attacks against schools, a rebound in agricultural production owing to fortuitous rains, and the work of the National Guard agribusiness teams.

Energy

As noted in SIGAR's last quarterly report, reliable energy information for Afghanistan is difficult to obtain; nevertheless, it is increasingly possible to make historical comparisons. SIGAR's January 2010 audit of Afghanistan's energy supply reported that from 1978 to 2002, war and instability reduced Afghanistan's access to power by more than one third.³³⁹ From 2001 to September 2009, however, the United States and other donors helped grow Afghanistan's installed capacity from 430 MW to 1,029 MW.³⁴⁰ SIGAR's auditors found that USAID has contributed directly to 199 MW, or nearly 20%, of Afghanistan's total power-generating capacity.³⁴¹

As of September 2009, Afghanistan's Energy Information Center estimated that approximately 15% of urban households and 6% of rural households had access to electricity. Although progress is being made, Afghanistan does not appear to be on track to meet the Afghanistan National Development Strategy (ANDS) goals of providing electricity to 65% of urban households and 25% of rural households by March 2010.³⁴²

The SIGAR audit further reported that the GfRoa lacks the capacity to collect enough revenue and recruit the qualified staff necessary to operate, maintain, and expand the existing power-generating system.³⁴³ Afghanistan's actual operational capacity is estimated to be only 60% of its total installed capacity, as shown in Figure 3.40.³⁴⁴ For details on the implications of this issue for U.S. reconstruction efforts, see Section 2 for a discussion of SIGAR's audit findings regarding the capacity development and sustainability challenges of the Kabul Power Plant.³⁴⁵

Afghanistan continues to rely heavily on higher-cost diesel-powered systems to generate electricity, rather than on systems powered by cheaper alternatives, such as natural gas and imported electricity.³⁴⁶ As SIGAR reported in its July 2009 quarterly report, one way in which the U.S. government and other donors are addressing this issue is funding construction of the North East Power System (NEPS). Most of the NEPS will be devoted to providing the infrastructure needed to import low-cost power from neighboring countries.³⁴⁷

Security issues remain a challenge to increasing the power supply. For example, USAID is providing funding to refurbish two turbines and install a third turbine at the Kajaki Dam Powerhouse, which was originally built by the United States in the 1950s. When this key hydropower installation is fully refurbished and operational, it will be among the largest infrastructure projects completed in Afghanistan and will have the installed capacity to serve the 1.5 million Afghans in Kandahar and Helmand.³⁴⁸

The second of the original turbine generators has been refurbished and began upgraded operations in October 2009, increasing power output from the dam to its highest level in 30 years.³⁴⁹ The International Security Assistance Force (ISAF) reported that a third, new turbine was delivered in September 2008 by a military

convoy protected by a force of 4,000 Afghan National Security Forces (ANSF) and ISAF troops from the United Kingdom, United States, Canada, Denmark, and Australia.³⁵⁰ The large security escort was necessary because of insurgent activity in the area, as well as threats from improvised explosive devices (IEDs) and mines.³⁵¹ According to an interview with the U.S. Ambassador in December 2009, however, installation of the third turbine has been suspended until the roads around the site are safe enough to deliver the supplies needed to complete work on the supporting structures.³⁵²

Transportation

The primary transportation network connecting major Afghan cities is the Ring Road. As of September 30, 2009, approximately 1,866 km (86.4%) of the Ring Road had been completed, according to USAID. The remaining 292 km (13.6%) has a scheduled completion date of 2011. The U.S. government has supported the completion of 831 km; 716 km were built completely by USAID, and 115 km were funded jointly by USAID and the Kingdom of Saudi Arabia.³⁵³

Another transportation milestone was achieved in 2009: the U.S. military established a new transit corridor into the country for non-military commercial cargo—the Northern Distribution Network (NDN) (shown in Figure 3.41).³⁵⁴

According to a recent report by the Center for Strategic and International Studies (CSIS), the NDN has the potential to make a positive contribution to economic development as a modern silk road, strengthening legitimate commercial ties between Afghanistan and its neighbors.

Source: CSIS, "The Northern Distribution Network and Afghanistan: Geopolitical Opportunities and Challenges," January 2010, p. 9.

FIGURE 3.41

THE NORTHERN DISTRIBUTION NETWORK



Source: CSIS, "The Northern Distribution Network and the Modern Silk Road," 12/2009, pp. 9–11.

According to the U.S. Transportation Command, the U.S. military uses U.S. flag commercial carriers to transport supplies for U.S. reconstruction efforts through this corridor.³⁵⁵ The three routes of the NDN use some of the roads, railways, and ports built or refurbished by the former Soviet Union during the war in Afghanistan in the 1980s. The NDN gives the United States an alternative to increasingly insecure transit routes along the Pakistani border.³⁵⁶

Education in Afghanistan is delivered primarily through government-supported systems, including GIRoA-supported community schools (approximately 4,021 classes) and regular government schools (approximately 10,714). In addition, a few private schools have been formed in urban areas. Despite the challenges, enrollment in schools supported by the Ministry of Education increased from approximately 900,000 in 2001 to an estimated 6.1 million in 2008.

Source: CARE, "Knowledge on Fire: Attacks on Education in Afghanistan," 9/2009, p. 6. This study reports enrollment numbers provided by the Planning Department of the GIRoA Ministry of Education.

Education

As noted in SIGAR's last quarterly report, violence and the threat of violence remain obstacles to providing education in Afghanistan—especially for girls. In September 2009, CARE released a comprehensive analysis of threats to the education system in Afghanistan. The survey, undertaken on behalf of the Afghan Ministry of Education and the World Bank, aimed to better understand the nature of attacks against Afghan educational institutions, personnel, and students. The survey entailed 1,037 interviews involving 4,819 individuals in 8 key provinces.³⁵⁷

According to the CARE survey, the number of attacks against schools, teachers, and students in Afghanistan rose from 241 in January 2006 to 670 in December 2008.³⁵⁸ The total number of attacks during this period was approximately 1,153.³⁵⁹ Arson was the primary form of attack, followed by explosions (from grenades, mines, and rockets), verbal or oral threats, attacks on educators or students, and looting.³⁶⁰ More than 100 Afghan students were killed, according to a CARE field assessment that analyzed UNICEF data from January 2008 to May 2009.³⁶¹ CARE also found that the 19% of Afghan schools devoted exclusively to the education of girls bore approximately 40% of all attacks.³⁶² USAID reports that of the 415 school districts in Afghanistan, approximately 200 have no female teachers.³⁶³

The CARE survey found that regular government schools are targeted most often. Attacks against these schools often force the GIRoA into a costly cycle of closing, rehabilitating, and reopening schools. For example, 71% of schools in Helmand were closed from March to July 2009 because of violence or threats of violence; the Ministry of Education subsequently reopened 100 of them.³⁶⁴

During this quarter, two events illustrated coalition efforts to expand and protect educational structures and educational opportunities in Afghanistan. In October 2009, USAID laid an earthquake-resistant foundation for the Sardar Kabuli Girls' High School. The 3-story, 53-room building will serve more than 4,000 girls in Kabul; it is one of the first large buildings in Afghanistan being constructed in accordance with international standards.³⁶⁵ From July to October 2009, the USAID-supported National Program for In-Service Teacher Training provided training to improve humanities education for 15,000 teachers in 11 provinces. Of those who completed the training, 27% were women.³⁶⁶

Health Services

Access to basic health services is a key goal of the ANDS. To help achieve this goal, USAID is providing \$72 million to support public health facilities throughout the country, through contracts signed on November 4, 2009, with the Afghan

Ministry of Public Health (MoPH), the Afghan Ministry of Finance, and 10 non-governmental organizations (NGOs). The contracts will help construct, maintain, and staff 462 health facilities and 4,000 health posts in 12 provinces.³⁶⁷

On November 15, 2009, the President of Afghanistan and the Deputy U.S. Ambassador to Afghanistan launched the final phase of a national polio awareness and vaccination campaign designed to protect Afghan children under age five.³⁶⁸ USAID reported that estimates vary of how many Afghan children have been vaccinated against polio and other major childhood diseases. For example, USAID noted that in 2009, the MoPH estimated that 95% of Afghan children had been vaccinated against polio and that 83% had been vaccinated against six other diseases. The 2007/2008 National Risk and Vulnerability Assessment (NRVA) for 2007/2008 estimated that only 37% of Afghan children had been vaccinated against all seven diseases. In 2007, USAID conducted its own field survey and concluded that vaccination coverage was 33%. USAID notes that the difference between the MoPH and NRVA estimates may be due to methodology: the MoPH requires a statement from parents, but the NRVA requires parents to show an immunization card.³⁶⁹

USAID and other international donors are working together to develop timely, accurate health care statistics for Afghanistan with which to better target programs. This quarter, USAID reported that fieldwork for the maternal health survey mentioned in SIGAR's previous quarterly report will begin in spring 2010, with an estimated completion date of 2011—earlier than reported by SIGAR last quarter.³⁷⁰

Water and Sanitation

The U.S. government has drafted a new water strategy for Afghanistan that will strengthen its focus on water resources and management over the next five years. According to DoS, this refocused effort will promote multi-purpose dams and an integrated approach to water resources management, rather than a piecemeal approach focused on individual projects.³⁷¹

USAID reported that in FY 2009, 3% of CERP funding supported water and sanitation projects and 4% funded agriculture projects, some of which were irrigation-related.³⁷²

INDUSTRY AND PRIVATE-SECTOR DEVELOPMENT

As noted in SIGAR's last quarterly report, private-sector development in Afghanistan is hampered by a variety of challenges related to weak governance, inadequate supplies of power, land tenure issues, and lack of access to credit, as well as crime and corruption. Nevertheless, the CSO reported that the private sector (composed primarily of agribusiness, construction, and trading firms) is growing, although from a very small base.³⁷³ This is confirmed by a 2009 World Bank survey, which concluded that Afghanistan's private sector is experiencing strong growth despite the governance, security, and resource challenges facing the country.³⁷⁴

Afghan children are being vaccinated against polio and six other diseases: pertussis, tuberculosis, measles, tetanus, diphtheria, and influenza.

Source: USAID, response to SIGAR data call, 1/5/2010.

The survey reported, however, that the inability of the GIRoA to implement policies and interpret laws consistently remains among the most critical obstacles to growth.³⁷⁵ As a result, the World Bank noted that although revenue growth for existing Afghan firms is high, the rate of entry of new firms is slowing.³⁷⁶ Also, direct foreign investment is weak.³⁷⁷ Table 3.12 highlights some of the key conclusions of the survey.

AGRICULTURE

Current Trends

The main source of income for most Afghans is subsistence agriculture, which is almost completely dependent on erratic winter snows and spring rains. As a result, according to the U.S. Department of Agriculture (USDA), harvests and thus economic growth in Afghanistan can vary significantly from one year to the next.³⁷⁸ Figure 3.42 shows the variations in total cereal crop production in Afghanistan from 2002 to 2009.

The CSO reported that from 2007/2008 to 2008/2009, the value of Afghanistan's agricultural output fell by approximately 17%, primarily as a result of decreased harvests caused by drought.³⁷⁹ The USDA reported that harvests of Afghanistan's

TABLE 3.12

SELECTED ISSUES FACED BY AFGHANISTAN'S PRIVATE-SECTOR ENTERPRISES		
Issue	Examples from Survey Responses	Regional Differences
Weak government policy enforcement	<ul style="list-style-type: none"> Fully 70% named weak policy enforcement, i.e., the inability of the state to design and implement policies in a consistent manner, as a major impediment to growth. Only 14% reported that laws are interpreted consistently and predictably by government officials. Of special concern was "the failure to uphold commitments with respect to land access or licenses." 	No significant differences reported.
Lack of access to land for development	<ul style="list-style-type: none"> Of those who attempted to acquire land over the past three years, 68% failed. Chief reasons: government refusal to sell land, the high price of land, failure to obtain zoning approval or secure title, and criminal syndicate or corruption-related issues. When land could be acquired, it took, on average, 192 days to complete the paperwork and 88 days to obtain a construction permit. 	Mazar-e Sharif, Kandahar, and Jalalabad reported lower percentages of firms citing access to land as a major constraint; Kabul reported the highest.
Widespread corruption	<ul style="list-style-type: none"> Respondents reported paying an estimated 2% of their sales as bribes or informal gifts to get things done. Respondents reported that informal gifts to government officials are common practice, especially for the registration process and to secure an operating license, import license, electricity connection, construction permit, or water connection and during tax inspections. The perception of the level of corruption varies by industrial sector; construction leads the way: 60% of construction firms reported corruption as a major problem. 	Significant differences between regions in their perceptions of the severity of corruption: for example, more than half of firms surveyed in Herat, Jalalabad, and Kabul reported corruption as a severe constraint.
Crime	<ul style="list-style-type: none"> One in 10 firms reported losses due to theft, vandalism, robbery, or arson. Some 36% of firms pay for their own security. Protection payments to government or military officials were reported by 6% of firms. 	The percentage of surveyed firms reporting losses because of crime were highest in Herat, Kabul, and Kandahar, and lowest in Mazar-e Sharif and Jalalabad.

Source: World Bank, "The Afghanistan Investment Climate in 2008," 11/20/2009, pp. 19, 22, 25–29, 42.

staple wheat crop fell by 55% during that period. Beginning in March 2009, however, rain-bearing weather systems saturated Afghanistan's wheat-growing regions at a key point in the growing cycle.³⁸⁰ This significantly improved the prospects for cereal crop production. Figure 3.43 depicts the amount of vegetation on the land surface of Afghanistan in May 2008 compared with May 2009, after rains blanketed key growing regions.³⁸¹

As a result of the rains, total cereal crop production in Afghanistan jumped to a record 6.31 million MT in 2009, according to MAIL. This is a 73% increase over

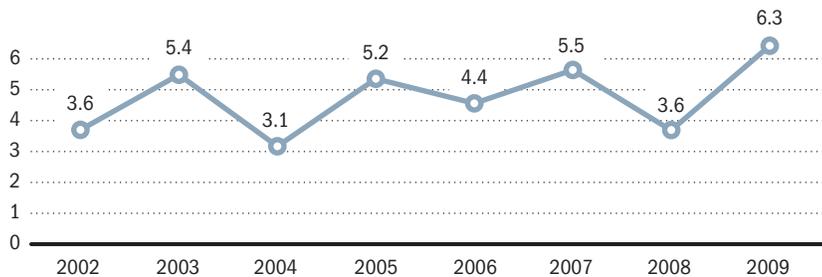
“[A]griculture is the top non-security priority for the U.S. government in Afghanistan.”

—U.S. Secretary of Agriculture
Tom Vilsack

Source: DoS, “U.S. Government Agriculture Sector Programs in Afghanistan and Upcoming Travel to the Region,” 1/7/2009, accessed online 1/10/2010.

FIGURE 3.42

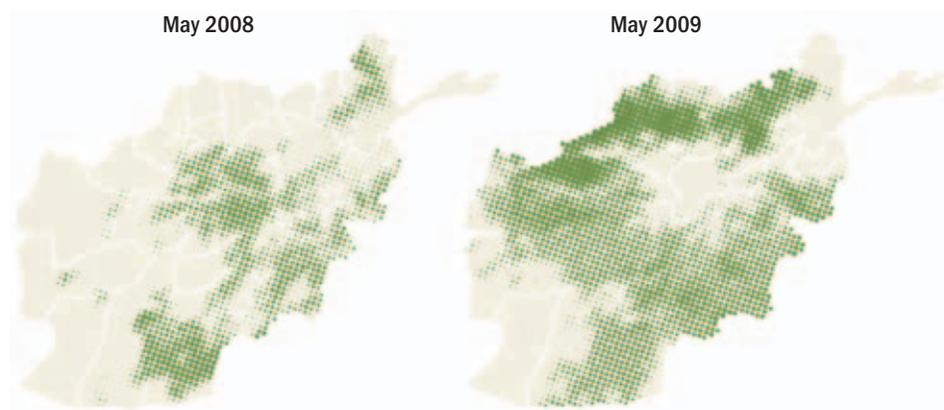
CEREALS PRODUCTION, 2002-2009 (MILLION METRIC TONS)



Notes: Numbers affected by rounding. Cereals measured were irrigated and rainfed wheat, milled rice, maize, and barley.
Source: MAIL, “Agriculture Prospects Report,” 9/8/2009, p. 4; 2002–2004 data provided by FAO/WFP and Crop Assessment Mission, and 2005–2009 data by MAIL.

FIGURE 3.43

VEGETATION INDEX, 2008-2009



Note: The Normalized Difference Vegetation Index, calculated by the USDA from satellite imagery and data, measures the amount and vigor of vegetation on land.
Source: USDA Foreign Agricultural Service, Commodity Intelligence Report, “Afghanistan: Wheat Production Recovers in 2009/2010 Season,” 1/10/2009.

A UNODC report released January 19, 2010, underscores the importance of counter-narcotics efforts in strengthening economic and social development. The report concluded that the influx of drug money into Afghanistan is perverting traditional Afghan social relationships and increasing the cost of corruption far beyond the levels found in most under-developed countries.

Source: UNODC, "Corruption in Afghanistan: Bribery as Reported by the Victims," January 2010, p. 4.

2008 levels and the largest harvest of the post-Taliban period.³⁸² MAIL estimates 2009 domestic consumption needs at 6.53 MT, however, which means that a potential deficit of 220,000 MT will have to be made up through food aid and imports.³⁸³

As harvests have improved, wheat flour prices have fallen, but prices vary significantly by province. Northern provinces tend to have surpluses of wheat and lower prices; central and southern provinces tend to have shortages and higher prices. Food prices are a major factor in economic well-being: the 2007/2008 NRVA estimated that a typical Afghan family spent 77% of its income on food.³⁸⁴

According to the UN Office on Drugs and Crime (UNODC), poppy remains among the country's most profitable agricultural commodities, providing approximately three times more income per hectare than wheat in 2009. As noted in SIGAR's last quarterly report, poppy cultivation and opium production declined in Afghanistan in 2009. The UNODC also reported a 40% reduction in the farm-gate value (\$438 million) of Afghanistan's opium production in 2009 because of worldwide oversupply. This is equivalent to 4% of Afghanistan's legal GDP, down from 12% in 2007 and 27% in 2002. The UNODC identifies three factors that contribute to the downward pressure of market forces on Afghan opium prices: aggressive counter-narcotics measures, alternative crop programs, and more favorable trade terms for other agricultural products.³⁸⁵ For more information, see the "Counter-Narcotics" section.

U.S. Government Response

The U.S. government has expanded its efforts to strengthen Afghanistan's agricultural sector with a new strategy to improve outcomes at the grass-roots level. This strategy more closely integrates and coordinates the work of teams of agricultural specialists from the USDA, USAID, and the National Guard with each other and with the GIROA.³⁸⁶

According to the U.S. Secretary of Agriculture, the USDA has 54 agricultural experts currently serving in Afghanistan and 10 more preparing to deploy.³⁸⁷ USDA projects include the following:³⁸⁸

- installing windmills to pump water for irrigation and livestock
- training veterinarians to detect and treat parasites
- rehabilitating a university agricultural research laboratory
- improving eroded river banks and irrigation canals
- developing post-harvest storage facilities
- rehabilitating degraded orchards
- mentoring provincial directors of agriculture to help them improve their services to farmers carrying out reforestation efforts

In addition, the USDA estimated that since 2004 it has sponsored 50 Afghans for specialized agricultural education in U.S. post-secondary institutions.³⁸⁹

On January 12, 2010, the U.S. Secretary of Agriculture announced that \$20 million would be made available to MAIL for capacity-building programs. The funding is contingent upon MAIL establishing clear goals and programs that will boost agricultural output, improve irrigation, create jobs, and enhance the use of

ECONOMIC AND SOCIAL DEVELOPMENT

modern agricultural technology in Afghanistan. In addition, MAIL must continue to demonstrate a commitment to transparency.³⁹⁰

In 2008, the U.S. military began sending National Guard agribusiness teams to Afghanistan.³⁹¹ Five of these teams are currently serving in Afghanistan.³⁹² The teams train agricultural extension agents and teach Afghan farmers modern methods to improve soil fertility, wheat production, fruit production, forestry, animal husbandry, and horticulture.³⁹³

USAID reported that it funds many ongoing programs in Afghanistan that support agriculture infrastructure, provide agriculture and animal husbandry education, and improve export opportunities for Afghan agricultural products. According to the USAID Administrator, the agency is planning to deploy approximately 1,000 civilians throughout Afghanistan, many of them working on agricultural projects.³⁹⁴ In one program, USAID provided training to help Afghan farmers in Wardak and Paktiya improve the quantity and quality of the apples they produce and to properly sort, grade, package, and cold-store them. USAID also provided funding for the tests required to qualify Afghan-grown apples for export to India. As a result, in November 2009, Afghanistan exported apples to India for the first time.³⁹⁵

In another program, USAID is training goat herders in the value and techniques of producing high-quality cashmere for sale. USAID reported on October 24, 2009, that preliminary data indicates that an estimated 171,416 goat herders had been trained, exceeding original expectations. In addition, USAID is setting up a nationwide network of regional cashmere traders and is building the capacity of traders to enter foreign markets.³⁹⁶



Kunar PRT members vaccinate a goat, one of more than 460 animals treated during a free veterinary clinic. As part of the clinic, eight farmers were trained to carry out the procedure. (U.S. Army photo, TSgt Brian Boisvert)

SNAPSHOT OF AFGHANISTAN'S ECONOMY

In terms of per capita GDP, Afghanistan ranks 219th of 229 countries—among the poorest in the world.³⁹⁷ Nevertheless, DoS reported in December 2009 that progress has been made since the end of Taliban era, which contributed so much to the destruction of the country's limited infrastructure, educational system, and other components of economic development.³⁹⁸ According to the IMF, Afghanistan's economy has experienced positive growth every year since 2001, albeit at a slower pace during drought years.³⁹⁹

TRADE AND AGRICULTURE

Historically, Afghanistan was part of the southern portion of the fabled Silk Road—the ancient network of overland trade routes connecting China with the Mediterranean.⁴⁰⁰ Afghanistan became a hub for the shipment of goods across Central Asia.⁴⁰¹ This historical relationship has been severely disrupted by decades of war and internal conflict. In the ANDS, the GIRoA recognized the importance of restoring this trade lifeline.⁴⁰² The ANDS energy strategy notes that Afghanistan's location between the Indian Ocean and the oil and natural gas reserves of the Caspian Basin make the country a potential transit point for electricity produced in the region and exported to South Asia.⁴⁰³

Traditionally, agriculture has provided the main source of income for the Afghan people. Afghanistan once produced enough food to meet all of its domestic consumption needs, as well as a surplus for exports.

But years of war, internal conflict, and recent droughts have significantly affected the country's licit agricultural sector. Afghanistan now relies on food aid to fully meet its domestic consumption needs. In addition to erratic rains, the most significant obstacles to agricultural self-sufficiency are farmers' lack of familiarity with modern irrigation techniques, tools, seeds, fertilizers, and pesticides.⁴⁰⁴

The cultivation of poppy has become a major source of income for impoverished Afghan farmers. Income from poppy far exceeds that from most legal crops, although the cash value of poppy has been diminishing in recent years.⁴⁰⁵ For more information on poppy eradication and alternative crop programs, see the "Counter-Narcotics" section.

SERVICES AND INDUSTRY

Since 2002, an influx of foreign assistance has helped grow the services and industrial sectors of the Afghan economy.⁴⁰⁶ As noted in SIGAR's last quarterly report, the service sector is now the largest contributor to Afghanistan's GDP.

Afghanistan has a manufacturing sector, but according to the World Bank it is hampered by a lack of diversification.⁴⁰⁷ Manufacturing focuses primarily on the value-added processing of agricultural, horticultural, and animal products, including dried fruit, leather products, and—recently—beverages, including fruit juices. Textiles and woven carpets are among Afghanistan's most valuable manufactured goods.⁴⁰⁸

Mining has traditionally contributed only 1% of Afghanistan's GDP.⁴⁰⁹ But Afghanistan's untapped natural resources offer significant potential for long-term growth and development of the sector, according

AGRICULTURE, SERVICE, AND INDUSTRIAL SECTORS OF THE AFGHAN ECONOMY

Agriculture Sector	Service Sector	Industrial Sector
Major legal food crops include corn, rice, barley, wheat (a staple), vegetables, fruits, and nuts. Major industrial crops include cotton, tobacco, madder (a Southeast Asian plant whose root is used to make red dye), castor beans, and sugar beets. Afghans also raise sheep, goats, and poultry and produce milk, cheese, yogurt, and other products derived from herding animals.	The major components of the service sector are wholesale and retail trade, restaurants and hotels, transportation, communications, finance, home ownership, community, social and personal services, and government services.	The major components of the industrial sector are mining and quarrying; manufacturing; food, beverage, and tobacco production; textiles; chemicals; coal; electricity; gas; water; and construction.

Sources: CSO, "Gross Domestic Product by Activity," accessed online 12/14/2009; DoS, "Background Note: Afghanistan," p. 8, accessed online 12/29/2009; USAID, response to SIGAR data call, 1/5/2009.

to a 2004 World Bank report and information from the U.S. Geological Survey.⁴¹⁰ Two with the most immediate potential are copper and iron ore.

Recognizing this potential, the GIROA recently awarded a contract for the comprehensive redevelopment of the Anyak copper mine, one of the largest in the world. (As a result of allegations of corruption in the awarding of this contract to a Chinese company, however, the former Minister of Mines was replaced.) The GIROA is also in the process of licensing the rights to develop the Hajigak mine, the nation's largest deposit of iron ore.⁴¹¹

U.S. Geological Survey teams also confirmed abundant high-quality deposits of precious and semiprecious stones in Afghanistan, including emerald, ruby, sapphire, garnet, lapis, kunzite, spinel, tourmaline, and peridot.⁴¹² The Ministry of Mines reported that gemstone mining is largely outside the central government's control; most gems leave the country illegally.⁴¹³ Other mineral resources identified include gold, mercury, sulfur, chromite, talc, potash, and graphite.⁴¹⁴

More significantly, a joint U.S.-Afghan geological team released an assessment in 2009 estimating that southern and western Afghanistan may hold significant hydrocarbon resources. These resources include estimated mean undiscovered volumes of 44.76 billion cubic feet of non-associated natural gas, 0.91 million barrels of natural gas liquids, and 21.55 million barrels of technically recoverable oil.⁴¹⁵

Natural gas development is not new to Afghanistan, which first tapped its natural gas resources in 1967. In fact, in the 1980s Afghanistan's exports of natural

gas provided more than \$300 million annually in revenues, or a total of 56% of the country's total exports. Most of these natural gas exports went to the former Soviet Union until 1989, when the Soviet Union capped the natural gas wells upon its withdrawal from Afghanistan.⁴¹⁶

TAX REVENUE

According to the World Bank, much of Afghanistan's economic activity takes place in the informal sector, outside the reach of government regulatory and tax schemes.⁴¹⁷ As a result, Afghanistan has one of the lowest ratios of tax revenue collected as a percentage of GDP of any country in the world.⁴¹⁸

In recent testimony to the U.S. Congress, the U.S. Ambassador to Afghanistan noted that tax collections in Afghanistan average about 7.7% of GDP, compared with 11–12% of GDP in most low-income countries. The Ambassador further estimated that, because of corruption, approximately half of the total tax revenue collected by the GIROA is not deposited in the Afghan Treasury. Without appropriate levels of tax collection, Afghanistan will remain dependent upon foreign donors to fund government programs.⁴¹⁹

Treasury reported, however, that the GIROA is working to improve tax revenue collection. The GIROA relies heavily on business and sales taxes, customs duties, and other trade-related taxes for revenue. In 2009/2010, revenue collection in Afghanistan is expected to reach more than \$1 billion for the first time.⁴²⁰



Lack of modern irrigation infrastructure and farming equipment means that agricultural output continues to depend on seasonal weather patterns. (U.S. Army photo, MAJ Troy Price)

COUNTER-NARCOTICS

Narcotics trafficking is a serious threat to the stability of Afghanistan, according to the Department of Defense (DoD).⁴²¹ In testimony to the House Armed Services Committee on December 9, 2009, the U.S. Ambassador to Afghanistan reported that Afghanistan remains a disconnected society plagued by corruption and illegal narcotics, as well as other issues.⁴²² Because the climate in Afghanistan is conducive to poppy cultivation and there is a lack of readily available economic alternatives, raising poppy is very lucrative for farmers, according to the Congressional Research Service (CRS).⁴²³ This section reports on the status of counter-narcotics efforts in the country and challenges to those efforts.

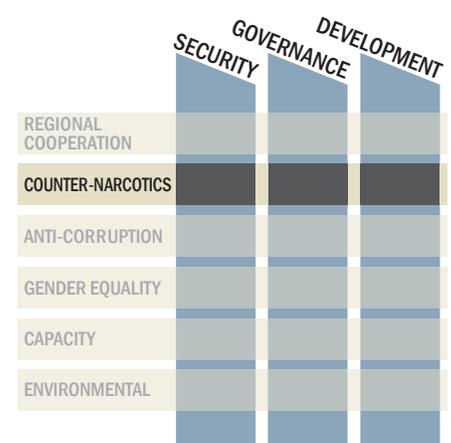
STATUS

In December 2009, the UN Office on Drugs and Crime (UNODC) reported that poppy cultivation decreased by 22% in 2009 from 2008 levels, occupying only 1.6% of agricultural land, or 123,000 hectares (ha)—the smallest area cultivated since 2005. Ninety-nine percent of the cultivation was limited to seven provinces in the southern and western regions, which also confront security issues, highlighting the link between poppy cultivation and insecurity.⁴²⁴ In 2009, production of opium fell approximately 10% from 2008 production levels, to 6,900 metric tons (MT)—95% of production worldwide in 2009.⁴²⁵

Poppy-Free Provinces

A short-term goal of the Afghanistan National Development Strategy (ANDS) is to support the establishment of poppy-free provinces by offering economic incentives—such as Good Performer’s Initiative (GPI) rewards—to those that achieve poppy-free status, thereby encouraging them to sustain progress.⁴²⁶ The UNODC reported that 20 of Afghanistan’s 34 provinces are poppy free, as of December 2009. Kapisa, Baghlan, and Faryab are among recent additions. Nangarhar achieved poppy-free status in 2008 but could not maintain the threshold required for that status (fewer than 100 ha cultivated) in 2009.⁴²⁷ Figure 3.44, on the following page, shows poppy cultivation across provinces for 2009.

On November 23, 2009, the U.S. Embassy Kabul and the Government of the Islamic Republic of Afghanistan (GIROA) agreed to pledge \$38.7 million for GPI projects in 27 provinces. Those 27 provinces were recognized for either reducing poppy cultivation by more than 10% or becoming poppy-free in 2009. For example, the southern province of Helmand will receive \$10 million in GPI funds for having reduced poppy cultivation by 33% in 2009 from 2008 levels.⁴²⁸



“Annual fluctuations of opium cultivation do not tell the whole story. Success will come when Afghanistan’s farmers have sustainable licit livelihoods, when drug traffickers no longer operate within impunity, and when people no longer have to pay bribes for basic services.”

—Antonio Maria Costa,
Executive Director, UNODC

Source: UNODC, “Afghanistan Opium Survey: December 2009,” p. 3.

COUNTER-NARCOTICS

Poppy-free status refers only to cultivation of poppy. Illegal substances continue to be processed and trafficked in poppy-free provinces.

Source: DoS OIG, Report No. MERO-A-10-02, "Status of Bureau of International Narcotics and Law Enforcement Affairs Counternarcotics Programs in Afghanistan: Performance Audit," 12/2009, p. 11.

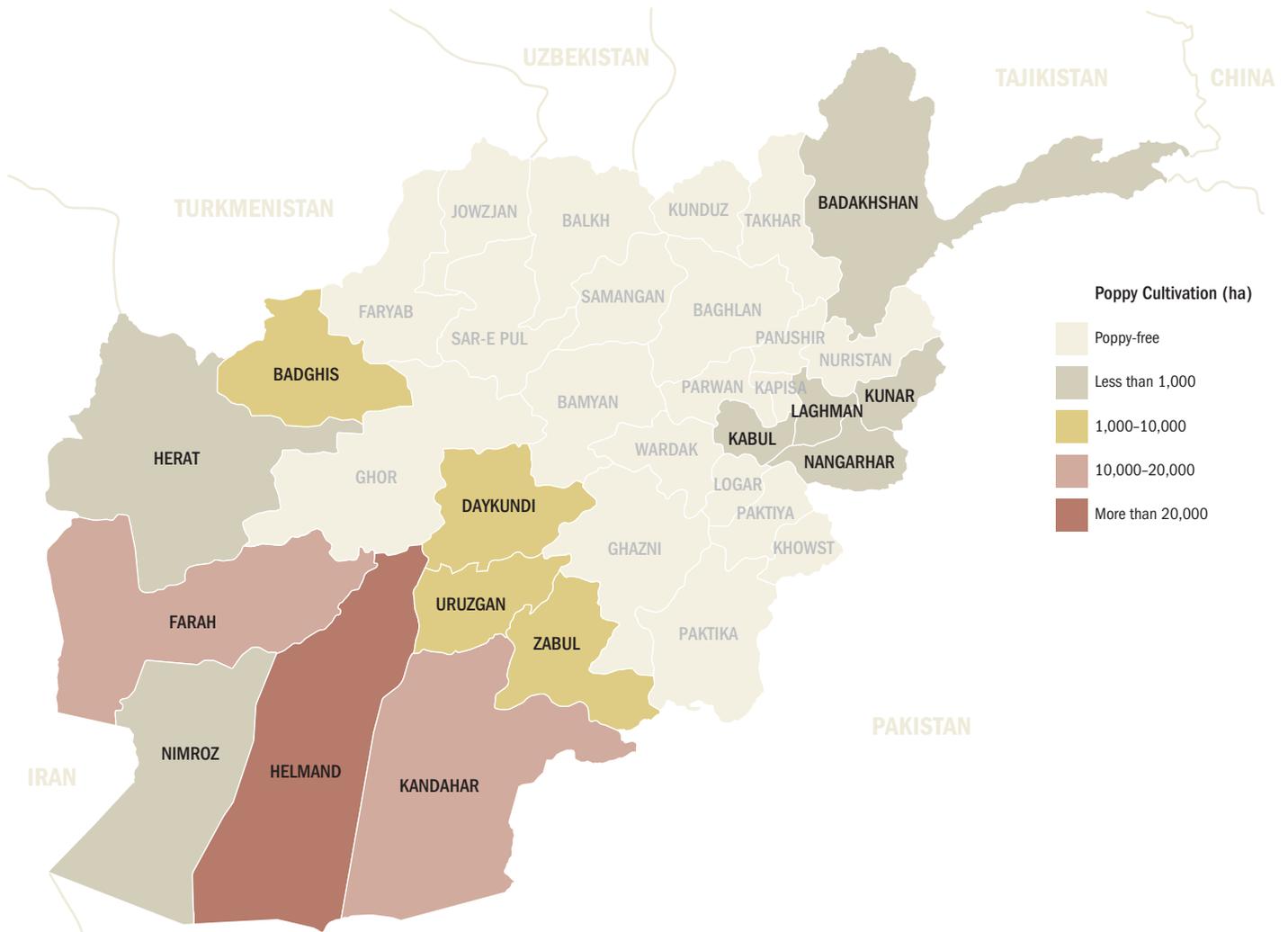
ANSF Counter-Narcotics Operations

According to the U.S. Office of the Secretary of Defense (OSD), counter-narcotics initiatives by the Afghan National Security Forces (ANSF) have focused primarily on drug seizures. From October to December 2009, coalition and Afghan forces conducted 23 military operations, predominately in Regional Command-South, as reported by OSD. During these operations, forces seized the following quantities of drugs and precursor chemicals:⁴²⁹

- 870 kg of heroin
- 1.7 MT of morphine

FIGURE 3.44

STATUS OF POPPY CULTIVATION BY PROVINCE, 2009



Note: A province is declared poppy-free when fewer than 100 ha have been used for poppy cultivation.
Source: UNODC, "Afghanistan Opium Survey: December 2009," p. 12.

COUNTER-NARCOTICS

- 16.9 MT of opium
- 92.4 MT of poppy seed
- 7 MT of hashish
- 12,832 liters of acetic anhydride (a precursor chemical used to process opium into morphine and heroin)

The Afghan National Army has also participated in drug seizure operations with U.S. military forces. In Helmand, the Counter-Narcotics Police - Afghanistan chose four of its best officers for assignment to the Marine Expeditionary Brigade in that province. OSD also reported that the Afghan National Police and its Afghan Border Police unit played a significant role in the November 2009 seizure of 6.8 MT of hashish in Kandahar.⁴³⁰

In October, the CRS reported that well-financed trafficking groups may be encouraging Afghan poppy farmers and employing insurgents to violently resist drug interdiction and poppy-eradication efforts. To combat this threat, the U.S. military is working with the Afghan Ministry of Defense to create a military unit that will provide perimeter security for counter-narcotics operations.⁴³¹ Table 3.13 lists Afghan law enforcement and military entities involved in the counter-narcotics effort.



Afghan and international forces continue to conduct counter-narcotics operations to seize and destroy heroin and other illegal drugs. (UNODC photo)

U.S. and International Counter-Narcotics Initiatives

On January 8, 2010, the International Security Assistance Force (ISAF) reported a significant drug seizure in the Maiwand district of Kandahar—5,300 pounds of processed opium, more than 1,000 pounds of wet opium paste, and approximately 50 pounds of heroin.⁴³²

TABLE 3.13

AFGHAN COUNTER-NARCOTICS LAW ENFORCEMENT AND MILITARY ENTITIES

Entity	Description
Counter-Narcotics Police-Afghanistan (CNP-A)	Investigative and enforcement divisions plan and execute counter-narcotics activities with U.S. and British support
National Interdiction Unit	An elite unit of the CNP-A, responsible for conducting raids across Afghanistan
Sensitive Investigations Unit/Technical Intercept Unit	Responsible for gathering evidence through judicially authorized investigations of prominent narcotics targets, using a variety of methods
Central Eradication Planning Cell (CPEC)	Uses sophisticated technology and surveying to target poppy crops and monitor the success of eradication operations
Poppy Eradication Force (PEF)	Conducts ground-based eradication of poppy crops based on targeting data provided by the CPEC
Counter-Narcotics Infantry Kandak	Provides military perimeter security for the Afghan Eradication Force and other Afghan counter-narcotics force missions
Afghan Special Narcotics Force	Carries out interdiction missions against high-value targets and in remote areas
Afghan Border Police	Responsible for securing Afghanistan's borders

Note: Although the PEF still technically exists, INL no longer provides funding to support it.

Source: CRS, CRS-RL32686, "Afghanistan: Narcotics and U.S. Policy," 10/7/2009, pp. 39-41; Defense.gov, "Soldiers Mentor Afghan Border Police," 12/5/2007, accessed online 1/11/2010.

Enhanced counter-narcotics activities in 2009 included drug seizures, destruction of secret laboratories, and increased control of precursor chemicals, according to the UNODC. From April 2008 to July 2009, ISAF and Afghan forces conducted counter-narcotics operations in seven provinces, with a primary focus on Helmand and Nangarhar. During these operations, they destroyed 27 labs including 17 in Helmand and 8 in Nangarhar.⁴³³

The United States has increased its support for Afghanistan's fight against narcotics. OSD stated that the U.S. Drug Enforcement Administration (DEA) mentors the National Interdiction Unit, with DoD and the Department of State (DoS) playing supporting roles. The U.S. intelligence community also provides trafficking information and targeted development support to law enforcement and military forces within Afghanistan.⁴³⁴

COMBATING THE OPIUM TRADE

The GIRoA is confronting the poppy problem in a number of ways, including poppy eradication, alternative development programming, public information activities, and capacity development.

Poppy Eradication

The ANDS target for poppy eradication is a 50% reduction from the 2007 level by 2013.⁴³⁵ In 2009, according to the UNODC, 123,000 ha of poppy were cultivated and only 4% (5,351 ha) were eradicated. Since 2007, the overall production of poppy has decreased by 36%.⁴³⁶

According to the CRS, eradication programs have not been cost-efficient, and eradication activities have often proved counter-productive. The cost of destroying poppy seeds is estimated to be \$44,000 per hectare.

Source: CRS, CRS-RL32686, "Afghanistan: Narcotics and U.S. Policy," 10/7/2009, p. 19; Embassy of the United States, "Special Representative for Afghanistan and Pakistan Richard C. Holbrooke on his Recent Trip to Pakistan, Afghanistan, and Brussels," 7/29/2009, p. 3.



During harvesting, each poppy capsule is lanced manually with a sharp instrument, causing the opium latex to ooze out for collection. (UNODC photo)

COUNTER-NARCOTICS

During 2009, the dangerous security environment significantly hindered eradication campaigns, according to the UNODC. Eradication efforts decreased throughout the country but particularly in the major opium-growing provinces. The number of provinces in which eradication activities took place fell from 17 in 2008 to 12 in 2009. Figure 3.45 displays eradicated areas as a percentage of total areas under poppy cultivation from 2005 to 2009. Because of the minimal progress in such activities, the total area eradicated fell only slightly, from 5,480 ha in 2008 to 5,351 ha in 2009.⁴³⁷ **Governor-Led Eradication** (GLE) efforts were responsible for clearing 2,687 ha, while **Poppy Eradication Force** (PEF) efforts were responsible for clearing 2,663 ha, as reported by UNODC.

As of December 31, 2009, DoS reported that support for the PEF has been discontinued.⁴³⁸ Eradication efforts are now the responsibility of the GIROA, according to the U.S. Ambassador to Afghanistan.⁴³⁹ In late June 2009, the Ambassador announced that the United States was abandoning centralized eradication efforts and shifting its focus to “interdicting drug supplies, destroying processing labs, and promoting alternative crops.”⁴⁴⁰ Despite the shift in the focus of U.S. counter-narcotics activities, DoS reported that Afghan governors will be reimbursed for the cost of GLE activities, at a rate of \$135/ha. This reimbursement is expected to take place in March 2010.⁴⁴¹

Alternative Development Programming

The U.S. Agency for International Development (USAID) identified the need to expand efforts to reach farmers, agribusiness, and government service providers across the country—not just those in poppy-prone provinces—to build on the successes of alternative development programs.⁴⁴² As of December 8, 2009, for example, more than 300 young farmers in Laghman and Khowst had completed training programs in which they learned agricultural skills that will enable them to secure better jobs and produce higher-quality crops.

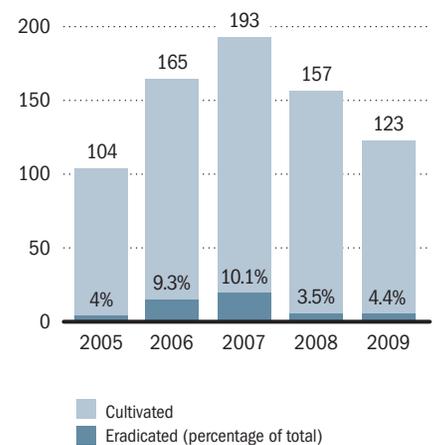
Also, in five districts in Khowst, 150 men and women, ages 15 to 25, graduated from training on topics from pest management to marketing. Their graduation corresponded with the opening of 25 new greenhouses, enabling the graduates to put their new skills to work.⁴⁴³ In FY 2009, USAID provided training to more than 160,000 farmers on crop-yield improvement, financial management and business skills, and produce storage.⁴⁴⁴

According to the U.S. Central Intelligence Agency, agriculture is the main source of income for Afghans: 80% of Afghans are employed in the agriculture sector, and non-opium agriculture accounts for 31% of Afghanistan’s GDP, as reported recently by the CRS.⁴⁴⁵ On January 12, 2010, the U.S. Agriculture Secretary announced a \$20 million plan to support Afghanistan’s agriculture economy.⁴⁴⁶ For more information, see the “Economic and Social Development” section.

Alternative development programs have become the main mechanism for breaking the connection between Afghanistan and the opium drug trade. According to USAID, alternative development programs have been based on a two-track approach, as reported by the CRS. The first track has been geared toward the provinces in the north, east, and west that have reduced poppy

FIGURE 3.45

POPPY: AREA CULTIVATED AND ERADICATED, 2005–2009 (THOUSAND HECTARES)



Note: Numbers affected by rounding.

Source: UNODC, “Afghanistan Opium Survey,” 12/2009, p. 49.

Governor-Led Eradication: An eradication program supported by the Counter-Narcotics Advisory Team to eradicate poppy in the key provinces where most of the cultivation occurs

Poppy Eradication Force: The GIROA’s national eradication force

Source: DoS, “Afghanistan Program Overview,” accessed online 1/20/2010, DoS, “Afghanistan Program Overview,” accessed online 1/20/2010.

COUNTER-NARCOTICS

The USAID voucher program is designed to enable rapid and targeted assistance deliveries using Afghan public-sector officials and private-sector partners in areas that have been cleared and secured by coalition and Afghan forces.

Source: CRS-RL32686, "Afghanistan: Narcotics and U.S. Policy," 10/7/2009, p. 44.

cultivation. The provision of assistance in these provinces is designed to consolidate positive changes. The second track is geared toward provinces in the southern and eastern regions. This track focuses on more targeted and quick-impact agricultural development activities, designed to secure newly cleared areas.⁴⁴⁷

To advance alternative development initiatives, USAID is providing assistance to the north, central, eastern, and western parts of Afghanistan through the Incentives Driving Economic Activity (IDEA-NEW) program, as noted in a recent CRS report. This program seeks to provide assistance to improve agricultural sector efficiency and consolidate reductions in poppy cultivation. In the southern and eastern regions, USAID will replace a targeted agricultural assistance program proposed for 2009–2010 with a voucher-based, quick response program.⁴⁴⁸

In December 2009, the Ministry of Counter-Narcotics (MCN) opened a 9-km road in the Shakardara district of Kabul province. Financed with GPI funds, the road enables farmers to transport agricultural products to markets in the district. The U.S. Embassy Kabul reported that the road helps show the community the rewards and benefits of refusing to grow poppy.⁴⁴⁹

Public Information Activities

The MCN is currently running a public information campaign in 26 provinces, involving religious leaders and the media.⁴⁵⁰ The campaign has reached more than 15 million Afghans thus far, according to the Permanent Representative of the Mission of Afghanistan to the United Nations.⁴⁵¹ The GIRoA's public awareness strategy encourages local community and religious leaders to support the government's counter-narcotics policies and encourages them to speak out in their communities against drug use and involvement in the opium trade.⁴⁵²

The U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL) reported increased capacity within the MCN as a result of its Counter-Narcotics Public Information Campaign. A major goal of this program is to increase the ability of the MCN to plan, budget, and execute its own nationwide public information campaigns. Significant emphasis is placed on the pre-planting campaign in the fall, which promotes the planting of licit crops instead of poppy. Through this program, the MCN was able to create a list of target districts for the pre-planting campaign. It also developed its own counter-narcotics messaging, according to INL.⁴⁵³

Capacity Development

The existing counter-narcotics programs in Afghanistan are designed to increase capacity within the GIRoA, according to INL. The PEF program, which INL no longer supports, increased the ability of the GIRoA to plan and execute daily eradication operations by the end of the 2009 eradication season.⁴⁵⁴ Current programs include the GPI, GLE, and the Counter-Narcotics Advisory Teams (CNAT). Both the GPI and GLE aim to increase the capacity of the MCN to manage program finances and operations. The ultimate goal of these programs is to build the MCN into a ministry that can function with minimal international oversight and

COUNTER-NARCOTICS

guidance. INL reported that measured progress toward this goal has been mixed, mainly because of staffing limitations, which have resulted in a backlog of work. Despite the backlog, INL reported that the capacity of the MCN to implement projects has increased, as measured by a higher project completion rate than in 2008. Nonetheless, the MCN's goal of completing all projects implemented in 2008 was not met as of December 31, 2009, according to INL.⁴⁵⁵

The CNAT seeks to build the capacity of MCN provincial offices, with the main goal of increasing the ministry's presence outside of Kabul. According to INL, these efforts have been successful because all field officers are Afghan employees of the MCN. Two international advisors provide oversight and mentoring for each CNAT to ensure the continued success of the program.⁴⁵⁶

CHALLENGES

Security, corruption, and the financial incentive for raising poppy are the main challenges to counter-narcotics efforts. The DoS Office of Inspector General (DoS OIG) recently conducted an audit that identified the unstable security situation as one of the main impediments to combating the drug trade in Afghanistan. Poppy cultivation is concentrated in the southern region of the country, where DoS OIG found that the insurgency is the strongest and the security situation the worst.⁴⁵⁷



Special Inspector General for Afghanistan Reconstruction Arnold Fields visits the Counter-Narcotics Justice Center during his recent trip to Afghanistan. This facility will provide a secure location for major narcotics prosecutions by the GIRoA. (SIGAR photo)

COUNTER-NARCOTICS

The DoS OIG audit also identified the pervasiveness of corruption throughout the GIRoA as an impediment to the success of the counter-narcotics mission. As reported in the “Governance” section, Afghanistan ranked 179th of the 180 countries in Transparency International’s 2009 Corruption Perception Index.⁴⁵⁸ According to DoS OIG, the GIRoA demonstrated a lack of commitment to counter-narcotics issues, further hindering the success of counter-narcotics programs. Some examples:⁴⁵⁹

- The GIRoA-led eradication of poppy is selective, avoiding action against politically connected farmers.
- Border police and customs officials are afraid to take action against traffickers and are sometimes told to avoid inspecting certain vehicles and cargoes.
- The Afghan Office of the President sometimes directs the GIRoA to release people who have been arrested and convicted of narcotics-related crimes.

Furthermore, the monetary incentives to cultivate poppy outweigh those to cultivate alternative crops, according to DoS OIG. The average per capita income in Afghanistan is \$600–\$700 a year, but an Afghan family can typically earn approximately \$6,500 a year cultivating poppy. To be competitive, alternative crops must either have lower costs of production or be more productive per hectare. Alternative crops also take longer to grow than poppy. A large proportion of farmers have become dependent on the minimal risks and high returns of poppy cultivation, according to DoS OIG.⁴⁶⁰

Public attitudes toward the drug trade in Afghanistan also limit the effectiveness of counter-narcotics programs. Specifically, DoS OIG noted that although farmers are aware that the narcotics trade is illegal and that it conflicts with the tenets of Islam, they continue to cultivate poppy for economic and other situational reasons.⁴⁶¹

The DoS OIG also highlighted the traditional, informal financial system known as *hawala*. Hawaladars—money exchange dealers—sometimes engage in the transfer of illegal profits. This causes concern because hawaladars process approximately 80% of Afghanistan’s cash transfers, according to DoS OIG. Kabul alone has approximately 300 hawaladars, which have branches or dealers in every province. Because narcotics generate a significant amount of income in Afghanistan, the drug trade is a primary source of laundered funds.⁴⁶²

There is considerable uncertainty regarding the GIRoA’s ability to sustain the U.S. counter-narcotics efforts currently in place. According to DoS OIG, the GIRoA lacks the necessary determination and capacity to continue counter-narcotics programs when the U.S. funding ceases—largely because the expanded U.S. role in counter-narcotics activities effectively removed the GIRoA’s responsibility for addressing narcotics-related issues.⁴⁶³

Of the 123,000 ha of opium that were cultivated in 2009, 84% lie in the five most insecure provinces—Helmand, Kandahar, Uruzgan, Daykundi, and Zabul, according to the UNODC.⁴⁶⁴ Anti-government elements are very active in the western region of Afghanistan. The southern region is also home to strongholds of such elements, and the western region is reported to house organized criminal networks.⁴⁶⁵

Hawala: An informal system for handling financial transfers and currency exchange

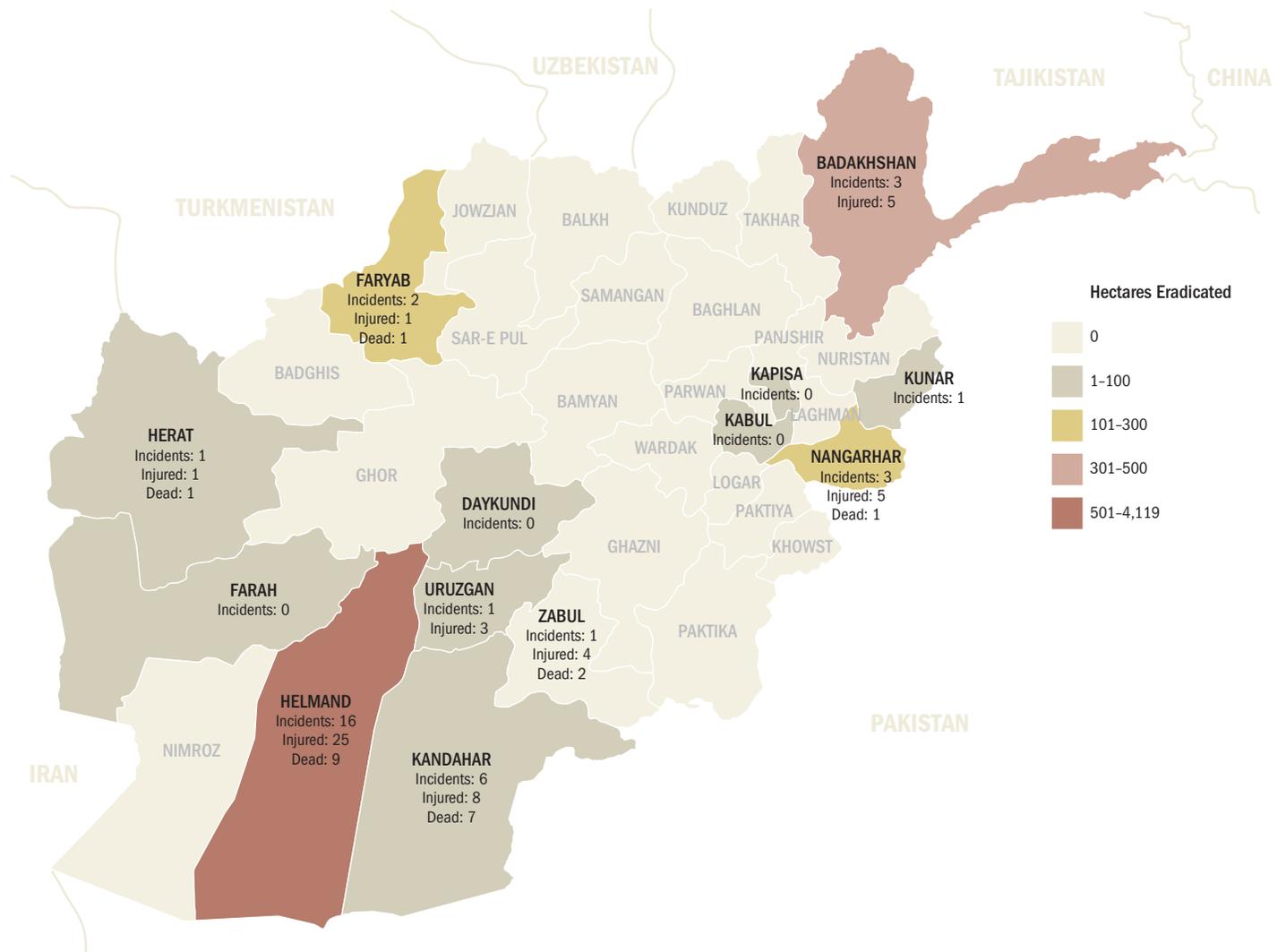
Source: World Bank, “The Nexus of Drug Trafficking and Hawala in Afghanistan,” accessed online, 1/4/2010.

COUNTER-NARCOTICS

According to the UNODC, the number of narcotics-related security incidents has risen every year since 2003. A significant increase occurred in 2009, largely owing to resistance to eradication by insurgents. Such resistance resulted in 21 deaths in 2009; the majority of these deaths were police officers.⁴⁶⁶ Thirty-four attacks were launched against GLE and PEF teams in 2009. The greatest number of eradication-related security incidents occurred in Helmand and Kandahar. Figure 3.46 provides a breakdown of narcotics-related security incidents by province.

FIGURE 3.46

SECURITY INCIDENTS DURING POPPY ERADICATION BY PROVINCE, 2009



Note: Numbers affected by rounding.

Source: UNODC, "Afghanistan Opium Survey," 12/2009, p. 52.

Road Survey

Afghan contractors working for USAID survey a road at the joint district community center in Kandahar. USAID is funding the road improvement project to improve the local infrastructure. (U.S. Air Force photo, MSgt Juan Valdes)

4 OTHER AGENCY OVERSIGHT



OTHER AGENCY OVERSIGHT

Each quarter, the Special Inspector General for Afghanistan Reconstruction (SIGAR) requests updates from other government agencies on the number of oversight activities completed and the number of ongoing oversight activities currently being performed. The following agencies are currently performing oversight activities in Afghanistan and providing results to SIGAR:

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

COMPLETED OVERSIGHT ACTIVITIES

Table 4.1 lists the six reconstruction or security-related oversight projects that were completed this quarter.

TABLE 4.1

COMPLETED OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF DECEMBER 30, 2009			
Agency	Report Number	Date Issued	Project Title
DoD OIG	D-2010-032	12/31/2009	DoD Counter-mine and Improvised Explosive Device Defeat Systems Contracts
DoS OIG-MERO	MERO-A-10-02	12/7/2009	Effectiveness of Counter-Narcotics Programs in Afghanistan
GAO	GAO-10-178R	11/5/2009	Afghanistan's Security Environment
GAO	GAO-10-187	11/2/2009	Contingency Contracting: Further Improvements Needed in Agency Tracking of Contractor Personnel and Contracts in Iraq and Afghanistan
USAID OIG	5-306-10-004-P	12/15/2009	Audit of USAID/Afghanistan's Afghan Civilian Assistance Program
USAID OIG	5-306-10-002-P	11/10/2009	Audit of Selected Power Sector Activities Funded Under USAID/Afghanistan's Infrastructure and Rehabilitation Program

Note: MERO = Middle East Regional Office.

Source: DoD OIG, response to SIGAR data call, 1/05/10; DoS OIG-MERO, response to SIGAR data call, 1/05/10; GAO, response to SIGAR data call, 1/06/10; USAAA, response to SIGAR data call, 1/08/10; USAID OIG, response to SIGAR data call, 12/16/09.

ONGOING OVERSIGHT ACTIVITIES

As of December 30, 2009, the 5 agencies had 31 reconstruction or security-related oversight activities in progress. The activities are listed in the following sections by agency. The descriptions of activities appear as they were submitted to SIGAR, with these mechanical changes for consistency with the other sections of

OTHER AGENCY OVERSIGHT

this report: acronyms and abbreviations in place of repeated full names; standardized capitalization, hyphenation, and preferred spellings; and third-person instead of first-person construction. Table 4.2 lists the ongoing oversight activities being performed by other government agencies as of December 30, 2009.

TABLE 4.2

ONGOING OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF DECEMBER 30, 2009			
Agency	Project Number	Date Initiated	Project Title
DoD OIG	D2010-D000JA-0091.000	12/9/2009	Force Protection Programs for U.S. Forces in Afghanistan
DoD OIG	D2009-D000LC-0237.000	6/11/2009	Air Cargo Transportation Contracts in Support of Operation Iraqi Freedom and Operation Enduring Freedom
DoD OIG	D2009-D000JB-0230.000	6/5/2009	Inter-agency Audit on DoD Obligations and Expenditures of Funds Provided to DoS for the Training and Mentoring of the Afghan National Police
DoD OIG	D2008-D000FP-0132.000	2/25/2008	Internal Controls over Army, General Fund, Cash, and Other Monetary Assets Held in Southwest Asia
DoD OIG	D2007-D000FD-0198.001	10/10/2008	Reannouncement of the Audit of Funds Appropriated for Afghanistan and Iraq Processed Through the Foreign Military Sales Trust Fund
DoS OIG-MERO	09-MERO-3010	6/2009	Effectiveness of INL's Air Wing Programs in Afghanistan and Pakistan
DoS OIG-MERO	09-MERO-3009	6/2009	Afghan National Police Training and Mentoring Program (Joint w/DoD OIG)
GAO	120874	11/12/2009	Annual Mandated Review of Contracting in Afghanistan and Iraq
GAO	320723	10/20/2009	Review of U.S. Civilian-Military Campaign Plans for Afghanistan
GAO	351399	9/17/2009	DoD's Oversight of Operational Contract Support in Afghanistan
GAO	320712	9/2/2009	U.S. Efforts to Develop Capable Afghan National Army (ANA) Forces
GAO	351395	8/21/2009	Supply and Equipment Support for U.S. Military Operations In Afghanistan
GAO	351393	8/21/2009	DoD Health Care Requirements for Contingency Operations
GAO	351385	8/11/2009	Combat Skills Training for Support Units
GAO	351376	7/30/2009	Readiness of Air Force Combat and Expeditionary Combat Support Forces
GAO	351387	7/30/2009	Army and Marine Corps Training Capacity
GAO	351388	7/26/2009	Availability of Trained and Ready Forces to Support Military Operations in Iraq and Afghanistan
GAO	320680	5/8/2009	Potable Water, Sanitation, and Crop Irrigation Projects in Afghanistan
GAO	351345	4/24/2009	Overseas Contingency Operations Funding and Cost Reporting
GAO	320662	3/16/2009	USAID's Alternative Development and Agriculture Projects in Afghanistan
GAO	120812	2/19/2009	Contractors Performing Contract Management or Administration for Other Contracts or Grants in Iraq and Afghanistan
GAO	320657	1/29/2009	U.S. Counter-Narcotics Activities in Afghanistan
USAAA	A-2009-ALL-0531.000	7/26/2009	Commander's Emergency Response Program (CERP) - Afghanistan
USAAA	A-2009-ALL-0106.000	2/2/2009	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan—Jalalabad (Afghanistan)
USAAA	A-2008-ALL-0401.000	9/1/2008	Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan—Kandahar and Salerno (Afghanistan)
USAAA	A-2008-ALL-0320.000	1/28/2008	Contracting Operations at the Joint Contracting Command—Iraq/Afghanistan (Bagram)
USAID OIG	Not provided	Not provided	Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan
USAID OIG	Not provided	Not provided	Audit of USAID/Afghanistan's School and Health Clinic Buildings Completed Under the Schools and Clinics Construction and Refurbishment Program
USAID OIG	Not provided	Not provided	Audit of USAID/Afghanistan's Building Education Support Systems for Teachers Project
USAID OIG	Not provided	Not provided	Audit of USAID/Afghanistan's Human Resources and Logistical Support Program
USAID OIG	Not provided	Not provided	Audit of USAID/Afghanistan's Afghanistan Vouchers for Increased Production in Agriculture Program

Source: DoD OIG, response to SIGAR data call, 1/05/10; DoS OIG-MERO, response to SIGAR data call, 1/05/10; GAO, response to SIGAR data call, 1/06/10; USAAA, response to SIGAR data call, 1/08/10; USAID OIG, response to SIGAR data call, 12/16/09.

Department of Defense Office of Inspector General

The Department of Defense (DoD) continues to face many challenges in executing its Overseas Contingency Operations (OCO), formerly known as “the Global War on Terror (GWOT).” DoD OIG has identified priorities based on those challenges and has responded by expanding its coverage of OCO operations and its presence in Southwest Asia. As DoD continues its OCO to include Operation Enduring Freedom (OEF), it will stay focused on issues important to accomplish the mission and ensure the department makes efficient use of its resources to support the warfighter.

During the first quarter of FY 2010, DoD OIG deployed additional auditors and investigators to Iraq and Afghanistan. The additional staff support the increased oversight workload required by statutory requirements, congressional requests, senior DoD and military officials’ requests, and the department’s drawdown efforts in Iraq and increased operational tempo in Afghanistan. The field offices in Qatar, Iraq, Kuwait, and Afghanistan enhance the ability of DoD OIG to provide audit, inspection, and investigative support to DoD operations in support to OCO. In addition, DoD OIG is preparing to deploy additional personnel into Southwest Asia, including Afghanistan.

The DoD OIG-led Southwest Asia Joint Planning Group coordinates and deconflicts federal and DoD OCO-related oversight activities. The Group held its eleventh meeting in November 2009. Through the Group, the members continue to coordinate, collaborate, and deconflict their respective and joint oversight efforts, including working with the Commission on Wartime Contracting and its respective mission.

DoD OIG is in the process of updating the Comprehensive Oversight Plan for Southwest Asia for FY 2010. DoD OIG, on behalf of the member DoD and federal oversight agencies, issues the statutorily required Comprehensive Oversight Plan for Southwest Asia, including the additional FY 2009 statutorily required oversight. The Comprehensive Oversight Plan for Southwest Asia includes the individual oversight plans of the Inspectors General for DoD, the Department of State (DoS), and the U.S. Agency for International Development (USAID); the Special Inspector General for Iraq Reconstruction; and the Special Inspector General for Afghanistan Reconstruction. It also includes the oversight work of the USAAA, Naval Audit Service, Air Force Audit Agency, and Defense Contract Audit Agency (DCAA) because of the major contributions they make to improve the efficiency and effectiveness of support to the military. The comprehensive plan was expanded beyond the statutory mandates to include other functional areas that DoD OIG believes are germane to supporting operations in Southwest Asia, including Operation Enduring Freedom, such as contract administration and management, reset of equipment, financial management, and reconstruction support effort. In addition, the oversight plan includes the Commander, U.S. Central Command’s request for DoD OIG and the Service Audit Agencies to review asset accountability within Southwest Asia.

OTHER AGENCY OVERSIGHT

For FY 2010, the completed and remaining ongoing OEF-related oversight addresses the safety of personnel with regard to construction efforts, force protection programs for U.S. personnel, accountability of property, contract administration, contractor common access cards, armoring capabilities, management of fuels, and transportation of goods and materiel. In response to a request from the Commission on Wartime Contracting in Iraq and Afghanistan, the office initiated an audit addressing the construction of the New Kabul Compound Facilities for U.S. Forces - Afghanistan. Additionally, in response to a congressional request, the office has initiated a joint audit with DoS OIG, to review the status of Afghanistan Security Forces Fund (ASFF) money that DoD has provided to DoS for the training of the Afghan National Police (ANP).

OVERSIGHT ACTIVITIES

For the fourth quarter of FY 2009, DoD OIG had 16 ongoing oversight activities and issued 1 report that supports OEF. Of those 16 ongoing projects, 5 directly relate to reconstruction or security operations in Afghanistan and are incorporated in this quarterly report.

Force Protection Programs for U.S. Forces in Afghanistan

(Project No. D2010-D000JA-0091.000, December 9, 2009)

DoD OIG is reviewing the force protection programs for primary gathering facilities and billeting areas of U.S. forces in Afghanistan. Specifically, it is assessing the program support and resources that commanders have for facility planning, antiterrorism, and safety programs protecting their forces. The audit is focusing on Bagram Airfield, Kandahar Airfield, Camp Eggers, and the New Kabul Compound.

Air Cargo Transportation Contracts in Support of Operation Iraqi Freedom and Operation Enduring Freedom

(Project No. D2009-D000LC-0237.000, Initiated June 11, 2009)

DoD OIG is determining whether air cargo transportation contracts in support of Operation Iraqi Freedom (OIF) and OEF are administered in accordance with applicable Federal and DoD regulations. Specifically, DoD OIG will determine whether the decision to use air transportation was justified, whether delivery orders were awarded in accordance with vendor selection criteria, and whether the cargo transported by air was delivered within required time frames.

Inter-agency Audit on DoD Obligations and Expenditures of Funds Provided to DoS for the Training and Mentoring of the Afghan National Police

(Project No. D2009-D000JB-0230.000, Initiated June 5, 2009)

The Inspectors General of DoD and DoS are performing this joint audit in response to a congressional request. The objective is to review the status of ASFF money that DoD has provided to DoS for the training of the ANP. Specifically, DoD OIG will review the contract, appropriate task orders,

OTHER AGENCY OVERSIGHT

statements of work, and any contract or task order modifications for training and mentoring to ensure they comply with all relevant Federal regulations and meet the needs of DoD. Further, DoD OIG will review contractor invoices to ensure that claimed costs are allowable, allocable, and reasonable for the services received. DoS OIG will be assisting DoD OIG on this audit and will be assessing the staffing, training, contract management, and contract effectiveness of the civilian police trainers.

Reannouncement of the Audit of Funds Appropriated for Afghanistan and Iraq Processed Through the Foreign Military Sales Trust Fund

(Project No. D2007-D000FD-0198.001, Initiated October 10, 2008)

Based on observations during audit fieldwork under the originally announced project (D2007-D000FD-0198.000), DoD OIG determined an additional project was required to separately discuss relevant issues identified during fieldwork. Accordingly, DoD OIG addressed the transfer of funds to the FMS Trust Fund and the collection of administrative fees from these funds in Report No. D-2009-063. Under the second announced project (D2007-D000FD-0198.001), DoD OIG is determining whether the funds appropriated for the security, reconstruction, and assistance of Afghanistan and Iraq and processed through the Foreign Military Sales Trust Fund are being properly managed. However, DoD OIG has reduced the sub-objectives to determining whether the appropriated funds transferred into the Foreign Military Sales Trust Fund are properly accounted for, used for the intended purpose, and properly reported in DoD financial reports.

Internal Controls over Army, General Fund, Cash and Other Monetary Assets Held in Southwest Asia

(Project No. D2008-D000FP-0132.000, Initiated February 25, 2008)

DoD OIG is reviewing whether internal controls for Army, General Fund, Cash, and Other Monetary Assets held in Southwest Asia are effectively designed and are operating to adequately safeguard, account, document, and report cash and other monetary assets.

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

OVERSIGHT ACTIVITIES

Effectiveness of INL's Air Wing Programs in Afghanistan and Pakistan

(Project No. 09-MERO-3010, Initiated June 2009)

Objectives: The objectives of this performance audit were to determine (1) whether the department's counter-narcotics Air Wing program achieved its objectives and the impediments to achieving objectives; (2) whether the department is monitoring contractor(s) to ensure performance measures have been established and are being achieved; and (3) the effectiveness and efficiency of

OTHER AGENCY OVERSIGHT

counter-narcotics aviation services in Afghanistan and Pakistan and whether the costs incurred and charged by the contractor(s) are proper.

Afghan National Police Training and Mentoring Program (Joint w/DoD OIG)

(Project No. 09-MERO-3009, Initiated June 2009)

Objective: To provide an overall review and summary of the requirements, provisions, and costs of the ANP Training and Mentoring Program contract; objectives of the contracts and task orders; what indicators have been established to measure performance; and how DoS administered the contract to oversee DynCorp's performance and costs of the contract. The work will also assess the status of contract records, management controls, costs, and value of this contract to the mission of DoS and DoD.

Government Accountability Office

OVERSIGHT ACTIVITIES

Annual Mandated Review of Contracting in Afghanistan and Iraq

(Project No. 120874, Initiated November 12, 2009)

This review focuses on the number and value of contracts, numbers of contractors performing in country, and numbers of contractor personnel killed or wounded.

Review of U.S. Civilian-Military Campaign Plans for Afghanistan

(Project No. 320723, Initiated October 20, 2009)

This review focuses on the various civilian, military, and joint campaign plans for Afghanistan.

DoD's Oversight of Operational Contract Support in Afghanistan

(Project No. 351399, Initiated September 17, 2009)

This review focuses on DoD's ability to provide sufficient numbers of trained oversight personnel, the challenges facing DoD in providing oversight, and the department's implementation of lessons learned from Iraq.

U.S. Efforts to Develop Capable Afghan National Army (ANA) Forces

(Project No. 320712, Initiated September 2, 2009)

This review focuses on what the U.S. goals for the ANA are; how much the United States has obligated and expended, as well as estimated costs to complete and sustain the ANA; what progress the United States has made in developing ANA forces; and how other donors have assisted the ANA.

OTHER AGENCY OVERSIGHT

Supply and Equipment Support for U.S. Military Operations in Afghanistan

(Project No. 351395, Initiated August 21, 2009)

This review focuses on identifying DoD organizations and processes for moving supplies and equipment to, within, and from Afghanistan; challenges that may have affected distribution; and lessons learned from OEF and other operations.

DoD Health Care Requirements for Contingency Operations

(Project No. 351393, Initiated August 21, 2009)

This review focuses on the extent to which DoD and the services identified war-time health care personnel requirements for current operations; what challenges they are encountering meeting those requirements; and to what extent they have the tools needed to meet those requirements.

Combat Skills Training for Support Units

(Project No. 351385, Initiated August 11, 2009)

This review focuses on how the services determine appropriate training for support forces, including the extent that this training is consistent with service and theater training requirements and reflects lessons learned from ongoing operations.

Readiness of Air Force Combat and Expeditionary Combat Support Forces

(Project No. 351376, Initiated July 30, 2009)

This review focuses on the Air Force's ability to provide combat and expeditionary combat support forces to support ongoing operations, including in Afghanistan, and its plans to address gaps, including adjustments to force structure and manning authorizations.

Army and Marine Corps Training Capacity

(Project No. 351387, Initiated July 30, 2009)

This review focuses on the extent to which DoD, the Army, and the Marine Corps have identified differences in ground force training requirements for Iraq and Afghanistan, and developed plans to adjust training capacities to meet requirements for changing force levels in Afghanistan in Iraq.

Availability of Trained and Ready Forces to Support Military Operations in Iraq and Afghanistan

(Project No. 351388, Initiated July 26, 2009)

This review focuses on the extent to which DoD has identified requirements for supporting ongoing operations, developed an approach to manage deployment of forces to meet requirements, and DoD's ability to meet other commitments.

OTHER AGENCY OVERSIGHT

Potable Water, Sanitation, and Crop Irrigation Projects in Afghanistan

(Project No. 320680, Initiated May 8, 2009)

This review focuses on U.S. efforts to assist with the development of the Afghan water sector and achieve the Afghanistan National Development Strategy (ANDS) goal of supplying clean water, sanitation, and irrigation services in Afghanistan.

Overseas Contingency Operations Funding and Cost Reporting

(Project No. 351345, Initiated April 24, 2009)

This review focuses on changes to OCO funding guidance and their impact on DoD's FY 2010 OCO budget, factors that could affect FY 2010 OCO estimates for reducing troop levels in Iraq and increasing troop levels in Afghanistan, and DoD's process for creating its monthly report on the cost of OCO to determine its reliability.

USAID's Alternative Development and Agriculture Projects in Afghanistan

(Project No. 320662, Initiated March 16, 2009)

This review focuses on USAID agriculture programs' funding, goals, results, monitoring, and evaluation efforts.

Contractors Performing Contract Management or Administration for Other Contracts or Grants in Iraq and Afghanistan

(Project No. 120812, Initiated February 19, 2009)

This review focuses on DoD, DoS, and USAID efforts to effectively oversee contractors performing management or administration functions for other contracts or grants with performance in Iraq and Afghanistan.

U.S. Counter-Narcotics Activities in Afghanistan

(Project No. 320657, Initiated January 29, 2009)

This review focuses on U.S. efforts to assist with interdiction, elimination, judicial reform, public information, and demand reduction counter-narcotics efforts.

U.S. Army Audit Agency

OVERSIGHT ACTIVITIES

Commander's Emergency Response Program (CERP) - Afghanistan

(Project Code A-2009-ALL-0531.000, Initiated July 26, 2009)

This audit will determine if the CERP in Afghanistan had adequate internal controls in place to ensure commanders and unit personnel implemented the program properly.

OTHER AGENCY OVERSIGHT

Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan— Jalalabad (Afghanistan)

(Project Code A-2009-ALL-0106.000, Initiated February 2, 2009)

This audit is being performed in Afghanistan. It will determine if goods and services acquired under contract were properly justified, awarded, and administered.

Contracting Operations at the Joint Contracting Command-Iraq/Afghanistan— Kandahar and Salerno (Afghanistan)

(Project Code A-2008-ALL-0401.000, Initiated September 1, 2008)

This audit is being performed in Afghanistan. It will determine if goods and services acquired under contract were properly justified, awarded, and administered.

Contracting Operations at the Joint Contracting Command— Iraq/Afghanistan (Bagram)

(Project Code A-2008-ALL-0320.00, Initiated January 28, 2008)

This audit is being performed in Afghanistan. It will determine if goods and services acquired under contract were properly justified, awarded, and administered.

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

During this quarter, five financial audits were planned, in process, or in the draft report phase in Afghanistan. These audits are being performed for USAID and the USAID/OIG by DCAA and a public accounting firm.

Also, this quarter, USAID/Afghanistan made a management decision sustaining questioned costs of \$95.8 million originally cited in an August 2009 DCAA financial audit report. The audit was of costs incurred and billed by BearingPoint, Inc., in support of the Economic Governance Reform in Afghanistan program, for the period November 1, 2002, to December 15, 2005. DCAA disclaimed an opinion in this audit because of continuous problems in obtaining required information from the contractor, a computerized general ledger with numerous blank fields and manual adjustments that could not be explained, general ledger accounts which did not reconcile to USAID invoices, and direct labor hours which did not reconcile to employee timesheets. However, in this quarter, the full \$95.8 million questioned by USAID OIG was sustained by the mission.

OTHER AGENCY OVERSIGHT

OVERSIGHT ACTIVITIES

Audit of USAID/Afghanistan's Oversight of Private Security Contractors in Afghanistan

Objective: Determine how much money has been spent by USAID/Afghanistan's implementing partners for private security services and whether there has been effective oversight of these security costs. Determine if USAID/Afghanistan's oversight of private security firms contracted by the mission's implementing partners ensured that those private security contractors employed only responsible, armed personnel. Determine what types of serious security incidents have been reported by private security firms contracted with USAID/Afghanistan's implementing partners, during the period from October 1, 2006, through June 30, 2009.

Audit of USAID/Afghanistan's School and Health Clinic Buildings Completed Under the Schools and Clinics Construction and Refurbishment Program

Objective: Determine whether the school and health clinic buildings completed under the program are being used for their intended purposes, and measure the impact of the program on the provision of educational and health services to the people of Afghanistan.

Audit of USAID/Afghanistan's Building Education Support Systems for Teachers Project

Objective: Determine if USAID/Afghanistan's Building Education Support Systems for Teachers project is achieving its main goals of helping to improve educational quality by training teachers and institutionalizing structures and systems in the Ministry of Education.

Audit of USAID/Afghanistan's Human Resources and Logistical Support Program

Objective: Determine if USAID/Afghanistan's Human Resources and Logistical Support program is achieving its main goals of enhancing capacity at selected ministries, of identifying USAID-constructed buildings which do not meet seismic standards, and of providing quality assurance and engineering oversight for mission construction projects.

Audit of USAID/Afghanistan's Afghanistan Vouchers for Increased Production in Agriculture Program

Objective: Determine if USAID/Afghanistan's Afghanistan Vouchers for Increased Production in Agriculture Program is achieving its main goals.

OTHER AGENCY OVERSIGHT

OTHER AGENCY INVESTIGATIONS

SIGAR regularly coordinates with other government agencies conducting investigations in Afghanistan to monitor the progress of those investigations. As of December 30, 2009, five open cases were being investigated by DoS OIG Investigations (DoS OIG-INV). Table 4.3 lists the number of open and closed investigations as of December 30, 2009.

TABLE 4.3

INVESTIGATIVE ACTIVITIES: OTHER AGENCY INVESTIGATIONS			
Agency	Open Cases	Closed Cases	Total Cases
DoS OIG-INV	5	0	5
Total	5	0	5

Source: DoS-OIG-INV, response to SIGAR data call, 1/5/2010.

OTHER AGENCY INSPECTIONS

COMPLETED INSPECTIONS

Table 4.4 lists inspections completed by other agencies as of December 30, 2009. One inspection was completed by DoS OIG-ISP during the last quarter.

TABLE 4.4

COMPLETED INSPECTION ACTIVITIES: OTHER AGENCY INSPECTIONS				
Agency	Report Number	Date Issued	Project Title	Objective
DoS OIG-ISP	ISP-I-10-11	11/23/2009	Demining Programs in Afghanistan	To evaluate the implementation and effectiveness of demining programs in Afghanistan.

Source: DoS-OIG-ISP response to SIGAR data call, 1/5/2010.

ONGOING INSPECTIONS

SIGAR also coordinates with other agencies that are conducting inspections in Afghanistan. During the past quarter, DoS OIG-ISP initiated one new inspection, listed in Table 4.5.

TABLE 4.5

ONGOING INSPECTION ACTIVITIES: OTHER AGENCY INSPECTIONS				
Agency	Project Number	Date Initiated	Project Title	Objective
DoS OIG-ISP	09-ISP-3051	September 2009	Kabul Embassy Inspection	To evaluate the Embassy's implementation of policy, management of resources, adequacy of management controls, and measures to protect people, information, and facilities.

Source: DoS-OIG-ISP response to SIGAR data call, 1/5/2010.

The Official Seal of the SIGAR

The Official Seal of the SIGAR represents the coordination of efforts between the United States and Afghanistan to provide accountability and oversight of reconstruction activities. The phrase along the top side of the seal's center is in Dari and, translated into English, means "SIGAR." The phrase along the bottom side of the seal's center is in Pashtu and, when translated into English, has the same meaning.

APPENDICES AND ENDNOTES



APPENDIX A CROSS-REFERENCE OF REPORT TO STATUTORY REQUIREMENTS

Table A.1 cross-references the pages of this report to the quarterly reporting and related requirements under SIGAR’s enabling legislation, the National Defense Authorization Act for Fiscal Year 2008, P.L. No. 110-181, § 1229.

TABLE A.1

CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229			
Public Law Section	SIGAR Enabling Language	SIGAR Action	Section
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 sections
Duties			
Section 1229(f)(1)	OVERSIGHT OF AFGHANISTAN RECONSTRUCTION.— It shall be the duty of the Inspector General to conduct, supervise, and coordinate audits and investigations of the treatment, handling, and expenditure of amounts appropriated or otherwise made available for the reconstruction of Afghanistan, and of the programs, operations, and contracts carried out utilizing such funds, including—	Review appropriated/ available funds Review programs, operations, contracts using appropriated/ available funds	All sections
Section 1229(f)(1)(A)	The oversight and accounting of the obligation and expenditure of such funds	Review obligations and expenditures of appropriated/ available funds	Section 2 - SIGAR Oversight Section 3 - Status of Funds
Section 1229(f)(1)(B)	The monitoring and review of reconstruction activities funded by such funds	Review reconstruction activities funded by appropriations and donations	Section 2 - SIGAR Oversight
Section 1229(f)(1)(C)	The monitoring and review of contracts funded by such funds	Review contracts using appropriated and available funds	Note 1
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/ available funds	Appendix B

APPENDICES

TABLE A.1 (CONTINUED)

CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229			
Public Law Section	SIGAR Enabling Language	SIGAR Action	Section
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 fund[s]	Maintain audit records	Section 2 - SIGAR Oversight Appendix C Appendix D
Section 1229(f)(1)(F)	The monitoring and review of the effectiveness of United States coordination with the Governments of Afghanistan and other donor countries in the implementation of the Afghanistan Compact and the Afghanistan National Development Strategy	Monitoring and review as described	Section 2 - Audits
Section 1229(f)(1)(G)	The investigation of overpayments. . .and any potential unethical or illegal actions of Federal employees, contractors, or affiliated entities, and the referral of such reports, as necessary, to the Department of Justice. . .	Conduct and reporting of investigations as described	Section 2 - SIGAR Oversight
Section 1229(f)(2)	OTHER DUTIES RELATED TO OVERSIGHT.— The Inspector General shall establish, maintain, and oversee such systems, procedures, and controls as the Inspector General considers appropriate to discharge the duties under paragraph (1)	Establish, maintain, and oversee systems, procedures, and controls	All sections
Section 1229(f)(3)	DUTIES AND RESPONSIBILITIES UNDER INSPECTOR GENERAL ACT OF 1978.— In addition, . . .the Inspector General shall also have the duties and responsibilities of inspectors general under the Inspector General Act of 1978	Duties as specified in Inspector General Act	All sections
Section 1229(f)(4)	COORDINATION OF EFFORTS.— The Inspector General shall coordinate with, and receive the cooperation of, each of the following: (A) the Inspector General of the Department of Defense, (B) the Inspector General of the Department of State, and (C) the Inspector General of the United States Agency for International Development	Coordination with the inspectors general of DoD, DoS, and USAID	Section 4 - Other Agency Oversight
Federal Support and Other Resources			
Section 1229(h)(5)(A)	ASSISTANCE FROM FEDERAL AGENCIES.— Upon request of the Inspector General for information or assistance from any department, agency, or other entity of the Federal Government, the head of such entity shall, insofar as is practicable and not in contravention of any existing law, furnish such information or assistance to the Inspector General, or an authorized designee	Expect support as requested	All sections

APPENDICES

TABLE A.1 (CONTINUED)

CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229			
Public Law Section	SIGAR Enabling Language	SIGAR Action	Section
Reports			
Section 1229(i)(1)	QUARTERLY REPORTS.— Not later than 30 days after the end of each fiscal-year quarter, the Inspector General shall submit to the appropriate committees of Congress a report summarizing, for the period of that quarter and, to the extent possible, the period from the end of such quarter to the time of the submission of the report, the activities during such period of the Inspector General and the activities under programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. Each report shall include, for the period covered by such report, a detailed statement of all obligations, expenditures, and revenues associated with reconstruction and rehabilitation activities in Afghanistan, including the following –	Report – 30 days after the end of each calendar quarter Summarize activities of the inspector general Detailed statement of all obligations, expenditures, and revenues	All sections Appendix B
Section 1229(i)(1)(A)	Obligations and expenditures of appropriated/donated funds	Obligations and expenditures of appropriated/donated funds	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	Section 3 – Status of Funds Note 1
Section 1229(i)(1)(C)	Revenues attributable to or consisting of funds provided by foreign nations or international organizations to programs and projects funded by any department or agency of the United States Government, and any obligations or expenditures of such revenues	Revenues, obligations, and expenditures of donor funds	Section 3 – Status of Funds
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	Section 3 – Status of Funds
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	Section 3 – Status of Funds Appendix B

APPENDICES

TABLE A.1 (CONTINUED)

CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229

Public Law Section	SIGAR Enabling Language	SIGAR Action	Section
Section 1229(i)(1)(F)	In the case of any contract, grant, agreement, or other funding mechanism described in paragraph (2)* – (i) The amount of the contract or other funding mechanism; (ii) A brief discussion of the scope of the contract or other funding mechanism; (iii) A discussion of how the department or agency of the United States Government involved in the contract, grant, agreement, or other funding mechanism identified and solicited offers from potential contractors to perform the contract, grant, agreement, or other funding mechanism, together with a list of the potential individuals or entities that were issued solicitations for the offers; and (iv) The justification and approval documents on which was based the determination to use procedures other than procedures that provide for full and open competition	Describe contract details	Note 1
Section 1229(i)(3)	PUBLIC AVAILABILITY.— The Inspector General shall publish on a publically-available Internet website each report under paragraph (1) of this subsection in English and other languages that the Inspector General determines are widely used and understood in Afghanistan	Publish report as directed	www.sigar.mil Dari and Pashtu in process
Section 1229(i)(4)	FORM.— Each report required under this subsection shall be submitted in unclassified form, but may include a classified annex if the Inspector General considers it necessary	Publish report as directed	All sections

Note 1: Although this data is normally made available on SIGAR's website, (www.sigar.mil), the data SIGAR has received is in relatively raw form and is currently being reviewed, analyzed, and organized for all future SIGAR purposes.

* Covered "contracts, grants, agreements, and funding mechanisms" are defined in paragraph (2) of Section 1229(i) of P.L. No. 110-181 as being—
"any major contract, grant, agreement, or other funding mechanism that is entered into by any department or agency of the United States Government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan with any public or private sector entity for any of the following purposes:
To build or rebuild physical infrastructure of Afghanistan.
To establish or reestablish a political or societal institution of Afghanistan.
To provide products or services to the people of Afghanistan."

APPENDICES

APPENDIX B

U.S. GOVERNMENT APPROPRIATED FUNDS (\$ MILLIONS)

Table B.1 lists appropriated funds by program, per year, for Afghanistan reconstruction efforts.

TABLE B.1

U.S. FUNDING SOURCES	AGENCY	TOTAL
SECURITY		
Afghanistan Security Forces Fund (ASFF)	DoD	25,229.27
Train & Equip (DoD)	DoD	440.00
Foreign Military Financing (FMF)	DoS	1,058.50
International Military Education and Training (IMET)	DoS	8.30
NDA Section 1207 Transfer	Other	9.90
Total: Security		26,745.97
GOVERNANCE & DEVELOPMENT		
Commander's Emergency Response Program (CERP)	DoD	2,639.00
Economic Support Fund (ESF)	USAID	9,738.58
Development Assistance (DA)	USAID	887.22
Afghanistan Freedom Support Act (AFSA)	DoD	550.00
Child Survival & Health (CSH + GHAI)	USAID	484.42
Commodity Credit Corp (CCC)	USAID	25.87
Freedom Support Act (FSA)	USAID	5.00
USAID (other)	USAID	30.64
Non-Proliferation, Antiterrorism, Demining, & Related (NADR)	DoS	371.60
Provincial Reconstruction Team Advisors	USDA	5.70
Treasury Technical Assistance	DoT	4.40
Treasury (Other)	DoT	4.91
Total: Governance & Development		14,747.34
COUNTER-NARCOTICS		
International Narcotics Control & Law Enforcement (INCLE)	DoS	2,503.74
Drug Interdiction & Counter-Drug Activities (DoD CN)	DoD	1,115.04
Drug Enforcement Administration (DEA)	DoJ	127.37
Total: Counternarcotics		3,746.16
HUMANITARIAN		
PL 480 Title II	USAID	701.21
Disaster Assistance (IDA)	USAID	343.55
Transition Initiatives (TI)	USAID	33.59
Migration and Refugee Assistance (MRA)	DoS	604.81
Voluntary Peacekeeping (PKO)	DoS	69.30
Emergency Refugee & Migration Assistance (ERMA)	DoS	25.20
Food for Progress	USDA	109.49
416(b) Food Aid	USDA	95.18
Food for Education	USDA	50.49
Emerson Trust	USDA	21.60
Total: Humanitarian		2,054.42
OVERSIGHT AND OPERATIONS		
Oversight		76.20
Other		3,644.70
Total: Oversight and Operations		3,720.90
TOTAL FUNDING		51,014.79

Notes: Numbers affected by rounding. Data may include inter-agency transfers. Funding is based on agency-reported data for monies made available for Afghanistan reconstruction. If an agency did not report monies made available, funding is based on agency-reported obligation or expenditure data. If an agency did not report obligation or expenditure data, funding is based on OMB allocations.

Sources: OMB, response to SIGAR vetting, 1/21/2010; OMB, response to SIGAR data call, 1/8/2010; DoD, responses to SIGAR data call, 1/13/2010, 1/12/2010, 1/6/2010, 10/14/2009 (preliminary numbers), and 10/1/2009; FY 2010 DoD Appropriations Act Explanatory Statement; USAID, responses to SIGAR data call, 1/15/2010, 1/8/2010, and 10/9/2009; DoS, responses to SIGAR data call, 1/8/2010 and 10/16/2009; DoT, response to SIGAR data call, 1/6/2010; DoJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009.

APPENDICES

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
	0.00	0.00	0.00	995.00	1,908.13	7,406.40	2,750.00	5,606.94	6,562.80
	0.00	0.00	150.00	290.00	0.00	0.00	0.00	0.00	0.00
	57.00	191.00	413.70	396.80	0.00	0.00	0.00	0.00	0.00
	0.20	0.30	0.60	0.80	0.80	1.10	1.60	1.40	1.50
	0.00	0.00	0.00	0.00	0.00	0.00	9.90	0.00	0.00
	57.20	191.30	564.30	1,682.60	1,908.93	7,407.50	2,761.50	5,608.34	6,564.30
	0.00	0.00	40.00	136.00	215.00	209.00	488.33	550.67	1,000.00
	117.51	239.29	893.89	1,278.97	473.39	1,210.71	1,399.51	2,088.32	2,037.00
	18.30	42.54	153.14	169.58	187.02	166.81	149.43	0.40	0.00
	0.00	165.00	135.00	250.00	0.00	0.00	0.00	0.00	0.00
	7.52	49.68	33.40	38.00	41.45	100.77	63.07	58.23	92.3
	7.30	1.33	0.00	0.00	0.00	0.00	13.02	4.22	0.00
	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.50	5.00	0.00	0.00	0.00	22.32	2.81	0.00
	44.00	34.70	66.90	38.20	18.20	36.60	26.60	48.60	57.80
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.70	0.00
	0.00	0.80	0.76	0.66	0.58	0.37	0.13	0.74	0.35
	0.49	0.56	0.04	0.03	0.00	0.89	0.64	1.21	1.06
	195.12	534.40	1,333.12	1,911.44	935.64	1,725.14	2,163.05	2,760.91	3,188.51
	60.00	0.00	220.00	709.28	232.65	251.74	307.57	302.50	420.00
	0.00	0.00	71.80	224.54	108.05	290.97	189.62	230.06	0.00
	0.58	2.87	3.72	16.77	23.66	20.38	40.59	18.80	0.00
	60.58	2.87	295.52	950.59	364.36	563.09	537.78	551.36	420.00
	159.50	46.10	49.20	56.60	60.00	60.00	177.00	65.41	27.40
	197.09	86.67	11.16	4.24	0.04	0.03	17.02	27.29	0.01
	8.07	11.69	11.22	1.60	0.00	0.00	0.00	0.87	0.15
	135.47	61.50	63.30	47.10	36.00	53.80	44.25	86.79	76.6
	23.90	9.90	20.00	15.50	0.00	0.00	0.00	0.00	0.00
	25.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.00
	0.00	4.96	9.08	30.10	23.24	9.47	20.55	12.09	0.00
	46.46	14.14	34.58	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	9.27	6.12	10.02	25.08	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	21.60	0.00	0.00
	595.49	244.22	204.66	165.16	144.36	123.30	280.42	192.65	104.16
	0.00	0.00	0.00	0.00	0.00	2.50	14.30	25.90	33.50
	155.60	35.30	207.60	136.10	131.90	207.80	434.40	1,047.60	1,288.40
	155.60	35.30	207.60	136.10	131.90	210.30	448.70	1,073.50	1,321.90
	1,063.99	1,008.09	2,605.20	4,845.89	3,485.20	10,029.34	6,191.45	10,186.76	11,598.87

APPENDIX C SIGAR AUDITS

Completed Audits

SIGAR completed four audits as of January 30, 2010, as listed in Table C.1.

TABLE C.1

SIGAR COMPLETED AUDITS, AS OF JANUARY 30, 2010			
Agency	Report Identifier	Date Issued	Report Title
SIGAR	SIGAR-Audit-10-6	1/20/2010	Contract Delays Led to Cost Overruns for the Kabul Power Plant, and Sustainability Remains a Key Challenge
SIGAR	SIGAR-Audit-10-4	1/15/2010	Afghanistan's Energy Supply Has Increased, But an Updated Master Plan is Needed, and Delays and Sustainability Concerns Remain
SIGAR	SIGAR-Audit-10-3	12/18/2009	Actions Needed To Protect Afghanistan's Judicial Officials
SIGAR	SIGAR-Audit-10-2	12/16/2009	Afghanistan's High Office of Oversight Needs Significantly Strengthened Authority, Independence, and Donor Support To Become an Effective Anti-Corruption Institution

New Audits

SIGAR initiated seven new audits, as listed in Table C.2.

TABLE C.2

SIGAR NEW AUDITS, AS OF JANUARY 30, 2010			
Agency	Audit Identifier	Date Initiated	Project Title
SIGAR	SIGAR-020A	1/2010	Review of USAID-Funded Salaries Paid to Afghan Government Officials and Advisors
SIGAR	SIGAR-018A	12/2009	Identification of Major Vendors for Reconstruction Contracts in Afghanistan
SIGAR	SIGAR-019A	11/2009	Review of U.S. and Other Donor Efforts To Strengthen the Capabilities of Afghanistan's Control and Audit Office
SIGAR	SIGAR-017A	11/2009	Focused Contract Audit: Reconstruction Security Support Services from Global Strategies Group Inc.
SIGAR	SIGAR-016A	11/2009	Focused Contract Audit: Construction of ANA Brigade Garrison at Gamberi in Nangarhar Province
SIGAR	SIGAR-015A	11/2009	Focused Contract Audit: Construction of ANA 2/209th Headquarters Facilities in Kunduz Province
SIGAR	SIGAR-014A	11/2009	Focused Contract Audit: Construction of ANA Brigade Garrison in Farah Province

Ongoing Audits

SIGAR has nine other audits in progress, as listed in Table C.3.

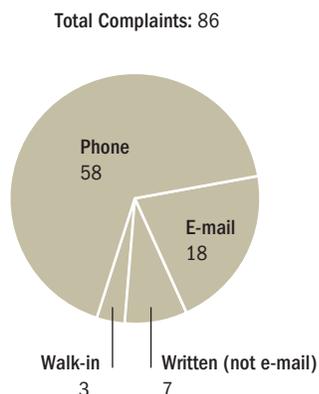
TABLE C.3

SIGAR ONGOING AUDITS, AS OF JANUARY 30, 2010			
Agency	Audit Identifier	Date Initiated	Project Title
SIGAR	SIGAR-008-I	9/2009	Review of the Construction Contract of the Joint Regional Afghan National Security Forces Complex Outside Kandahar Airfield in Kandahar Province
SIGAR	SIGAR-013A	9/2009	Review of Afghan National Security Forces Personnel Management
SIGAR	SIGAR-012A	9/2009	Assessment of the Capabilities of the Afghan National Security Forces
SIGAR	SIGAR-010A	8/2009	Review of the Use of Funds Earmarked for Afghan Women and Girls
SIGAR	SIGAR-009A	7/2009	Review of U.S. Agencies' Use of Contractors To Provide Security for Reconstruction Programs in Afghanistan
SIGAR	SIGAR-003b-I	6/2009	Review of the Construction Contract for the Togj Bridge, Farah Province
SIGAR	SIGAR-006A	3/2009	Review of U.S. Assistance for the Preparation and Conduct of Presidential and Provincial Council Elections in Afghanistan
SIGAR	SIGAR-003A	3/2009	Review of Contractor Performance and Agency Oversight of USAID Contracts in Afghanistan with Louis Berger Group
SIGAR	SIGAR-002A	3/2009	Review of Agencies' Management Oversight, Procedures, and Practices for Reconstruction Funds and Projects

APPENDIX D SIGAR HOTLINE AND INVESTIGATIONS

FIGURE D.1

SOURCE OF SIGAR HOTLINE COMPLAINTS, MAY 1–DECEMBER 9, 2009



Source: SIGAR Criminal Investigations Directorate, 12/9/2009.

SIGAR Hotline

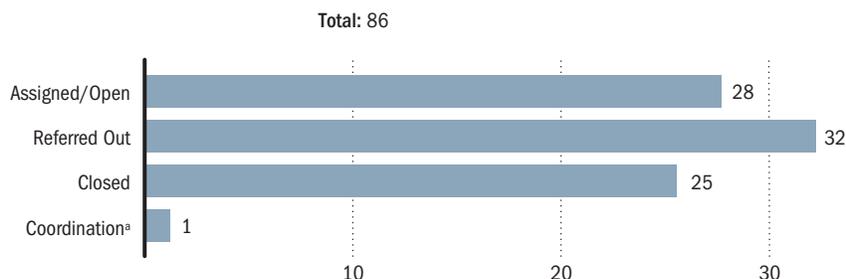
Of the 86 Hotline complaints received last year, most were received by telephone or e-mail, as listed in Figure D.1. Of these complaints, many have been assigned, referred to other agencies, closed, or under coordination, as listed in Figure D.2.

SIGAR Investigations

Last quarter, SIGAR opened 17 new investigations and closed 5. Of the 17 new cases, most involved bribery and theft, as shown in Figure D.3.

FIGURE D.2

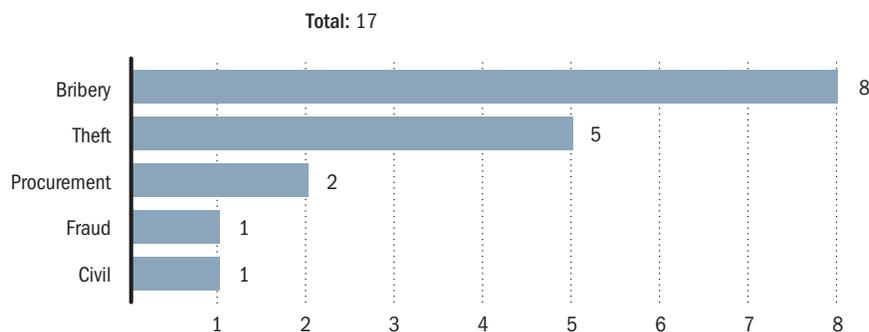
SIGAR HOTLINE COMPLAINTS RECEIVED, MAY 1–DECEMBER 9, 2009



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

FIGURE D.3

SIGAR INVESTIGATIONS: OPEN CASES, OCTOBER 1–DECEMBER 30, 2009



APPENDIX E ACRONYMS AND ABBREVIATIONS

ACRONYM	DEFINITION
ACAP	Afghan Civilian Assistance Program
ACT	Accountability and Transparency Project
ACU	Anti-Corruption Unit
AIHRC	Afghan Independent Human Rights Commission
AIRP	Afghanistan Infrastructure and Rehabilitation Program
ANA	Afghan National Army
ANAAC	Afghan National Army Air Corps
ANBP	Afghanistan New Beginnings Program
ANDS	Afghanistan National Development Strategy
ANP	Afghan National Police
ANSF	Afghan National Security Forces
ARTF	Afghanistan Reconstruction Trust Fund
ASFF	Afghanistan Security Forces Fund
CAO	Control and Audit Office (Afghanistan)
CERP	Commander's Emergency Response Program
CIA	Central Intelligence Agency
CID	Criminal Investigative Command (formerly Division) (U.S. Army)
CIDA	Canadian International Development Agency
CM	Capability Milestone
CNAT	Counter-Narcotics Advisory Team
CNTF	Counter-Narcotics Trust Fund
CNPA	Counter-Narcotics Police - Afghanistan
CPC	Criminal Procedure Code
CPD	Central Prison Directorate (Afghan)
CPEC	Central Eradication Planning Cell
CRS	Congressional Research Service
CSIS	Center for Strategic and International Studies
CSO	Central Statistics Office (Afghan)
CSSP	Correctional System Support Program
CSTC-A	Combined Security Transition Command - Afghanistan
CTAP	Civilian Technical Assistance Plan
DA	Development Assistance
DEA	Drug Enforcement Administration (U.S.)
DFR	Donor Financial Review
DIAG	Disbandment of Illegal Armed Groups
DoD	Department of Defense (U.S.)
DoD OIG	Department of Defense Office of Inspector General
DoJ	Department of Justice (U.S.)

APPENDICES

ACRONYM	DEFINITION
ACAP	Afghan Civilian Assistance Program
DoS	Department of State (U.S.)
DoS OIG	DoS Office of Inspector General
EC/EU	European Commission/European Union
EOD	explosive ordnance disposal
ERW	explosive remnants of war
ESF	Economic Support Fund
EUPOL	European Union Police Mission FBI
FY	fiscal year
GAO	Government Accountability Office (U.S.)
GDP	gross domestic product
GIROA	Government of the Islamic Republic of Afghanistan
GLE	Governor-Led Eradication
GPI	Good Performer's Initiative
ha	hectares
HOO	High Office of Oversight (Afghan)
ICCTF	International Contract Corruption Task Force
ICE	Inter-Ministerial Commission for Energy (Afghan)
IDEA-NEW	Incentives Driving Economic Activity Program - North, East, West
IDLG	Independent Directorate of Local Governance (Afghan)
IDP	internally displaced person
IEC	Independent Election Commission (Afghan)
IED	improvised explosive device
UC	International Security Assistance Force Joint Command
IMF	International Monetary Fund
INL	Bureau of International Narcotics and Law Enforcement Affairs
INCLE	International Narcotics Control and Law Enforcement
ISAF	International Security Assistance Force
IT	information technology
JIEDDO	Joint IED Defeat Organization
JOC	Joint Operations Center
JSSP	Justice Sector Support Program
JSU	Judicial Security Unit
LGCD	Local Governance and Community Development
LLM	Master of Laws
LOTFA	Law and Order Trust Fund for Afghanistan
MACCA	Mine Action Coordination Center of Afghanistan
MAIL	Ministry of Agriculture, Irrigation, and Livestock (Afghan)
MAPA	Mine Action Program of Afghanistan
M-ATV	mine-resistant all-terrain vehicle
MCN	Ministry of Counter-Narcotics (Afghan)
MFI	micro finance institutions

APPENDICES

ACRONYM	DEFINITION
ACAP	Afghan Civilian Assistance Program
MISFA	Microfinance Investment Facility for Afghanistan
MoD	Ministry of Defense (Afghan)
MoF	Ministry of Finance (Afghan)
Mol	Ministry of Interior (Afghan)
MoLSAMD	Ministry of Labour, Social Affairs, Martyrs and Disabled (Afghan)
MoPH	Ministry of Public Health (Afghan)
MRAP	mine-resistant, ambush-protected vehicle
MRRD	Ministry of Rural Rehabilitation and Development (Afghan)
MT	metric ton
MW	megawatt
NAPWA	National Action Plan for the Women of Afghanistan
NATO	North Atlantic Treaty Organization
NDN	Northern Distribution Network
NEPS	North East Power System
NGO	non-governmental organization
NRVA	National Risk and Vulnerability Assessment
NTM-A	NATO Training Mission - Afghanistan
O&M	operations and maintenance
OMB	Office of Management and Budget (U.S.)
OMLT	Operational Mentor and Liaison Team
OPIC	Overseas Private Investment Corporation
OSD	Office of the Secretary of Defense (U.S.)
PEF	Poppy Eradication Force
PM/WRA	Bureau of Political-Military Affairs - Office of Weapons Removal and Abatement (Afghan)
PRT	Provincial Reconstruction Team
SIGAR	Special Inspector General for Afghanistan Reconstruction
SIGIR	Special Inspector General for Iraq Reconstruction
Treasury	Department of the Treasury (U.S.)
U.K.	United Kingdom
UN	United Nations
UNAMA	UN Assistance Mission in Afghanistan
UNCAC	UN Convention against Corruption
UNDP	UN Development Programme
UNHCR	UN High Commissioner for Refugees
UNIFEM	UN Development Fund for Women
UNODC	UN Office on Drugs and Crime
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USAID OIG	USAID Office of Inspector General
USDA	U.S. Department of Agriculture
USFOR-A	U.S. Forces - Afghanistan

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In 2001, the Taliban destroyed the two oldest statues of Buddha in the world—the Bamiyan Buddhas. Today, the Bamiyan Valley is Afghanistan’s first national park, drawing thousands of ecotourists to its ancient ruins and deep blue lakes. This quarter, UN officials urged the international community to help the Afghan government rebuild the monuments, and Afghan officials announced that an international conference will meet in Kabul in March to begin planning the project. (Photo by Tracy Hunter)

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