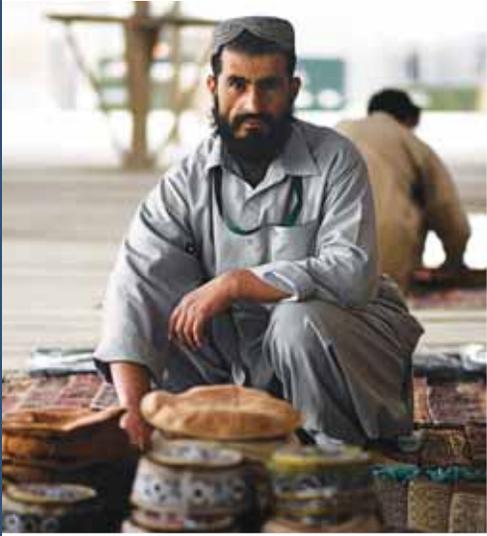


# SIGAR

Special Inspector General for  
Afghanistan Reconstruction

APR 30  
2010



QUARTERLY REPORT TO THE UNITED STATES CONGRESS



**Cover Captions (clockwise from left):**

**An Afghan** sets up his merchandise for sale in Kandahar. (Photo by Cory Smith as a part of “Why Afghanistan Matters,” a NATO-sponsored photo contest)

**More than 600 women** attended a celebration of International Women’s Day on March 8, 2009, hosted by the governor of Farah province at his compound. (U.S. Air Force photo, MSgt Tracy DeMarco)

**Graduates** of the National Military Academy of Afghanistan cheer the class of 2010. The 212 newly commissioned ANA lieutenants received their undergraduate diplomas from Afghan President Hamid Karzai. The academy is modeled after the U.S. Military Academy at West Point. (U.S. Air Force photo, SSgt Sarah Brown)

**Afghan farmers** prepare the fields to make room for newly planted spring crops to grow. After fears of drought this winter, Afghans welcomed near-normal precipitation this spring. (U.K. Ministry of Defense photo, Major Paul Smyth)



Special Inspector General for  
Afghanistan Reconstruction

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2010

**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.

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

April 30, 2010

I am pleased to provide SIGAR's seventh quarterly report to the Congress on the reconstruction effort in Afghanistan. This report summarizes key developments affecting reconstruction, provides an update on the status of U.S.-funded programs, and documents SIGAR's activities for the quarter ending March 31, 2010.

Three important developments this quarter will shape the reconstruction program for the coming year:

- President Obama submitted budget requests totaling about \$20 billion to fund an intensified U.S. reconstruction effort in Afghanistan. This would be a 38% increase over the nearly \$51.5 billion that the Congress has appropriated for Afghanistan's reconstruction since 2002.
- The Department of State published its new strategy to build the capacity of Afghan institutions, deliver high-impact economic assistance, create jobs, reduce poppy cultivation, and draw insurgents off the battlefield. A cornerstone of this strategy is the immediate tripling of the number of civilian experts and advisors throughout Afghanistan.
- The United States and other international donors agreed, in principle, to channel more financial resources through Afghanistan's public institutions to enable the Government of the Islamic Republic of Afghanistan (GIROA) to take more responsibility for its defense and reconstruction. This support is contingent on the GIROA strengthening its public financial management systems, improving its budget execution, and reducing corruption.

The success of the new U.S. civilian-military strategy now being implemented depends on accelerating the growth of the Afghan National Security Forces (ANSF) so that the United States can begin to withdraw its troops in July 2011. More than half of all reconstruction dollars appropriated to date have gone to build the ANSF, and nearly three-fourths of the new budget requests—\$14.2 billion—would go to train, equip, and mentor the Afghan National Army and the Afghan National Police, raising the total amount of U.S. funding support for the ANSF to \$40 billion.

During this reporting period, SIGAR issued four audit reports, including three contract audits of U.S.-funded infrastructure projects and one anti-corruption audit. Two of the infrastructure projects are garrisons for the Afghan National Army. These audits found that there was no current master plan for building the facilities needed to house a growing army; they also identified significant construction problems resulting from a lack of quality assurance.

SIGAR's audit of Afghanistan's Contract and Audit Office (CAO) is the fifth audit we have issued in our ongoing anti-corruption initiative. SIGAR is assessing the performance of various GIROA institutions at the national and provincial level and their ability to apply internal controls, mitigate risks of corruption, and improve accountability over U.S. and other donor funds. As the primary agency responsible for auditing

Afghanistan's public finances, the CAO is uniquely positioned to detect and deter corruption across the government. SIGAR examined the international assistance to and capabilities of the CAO; we found that the CAO does not have the independence, authority, and qualified staff it needs to do its job.

SIGAR's anti-corruption work is having a positive impact. Last quarter, we published an audit of the High Office of Oversight (HOO), a principal GIROA agency for combating corruption, and made several recommendations to help improve its effectiveness. In March, President Karzai signed a decree giving the HOO greater independence and authority, consistent with our recommendations.

Of SIGAR's 12 ongoing audits, 4 are examining aspects of the U.S.-funded mission to build the ANSF. One is an evaluation of the Capability Milestone rating system, the key assessment tool that has been used to monitor the development progress of fielded ANSF units. Having the ability to accurately measure the capabilities of the ANSF is critical to the successful implementation of the U.S. strategy. SIGAR's audit, the first to evaluate the efficacy of the rating system, will be published in a few weeks. In addition, SIGAR has two contract audits under way to evaluate the performance and oversight of construction of ANSF facilities in Kandahar and Farah.

During this reporting period, SIGAR also began a forensic review of the Afghanistan Security Forces Fund. We are examining appropriations and disbursement data related to the fund from FY 2005 through FY 2009.

SIGAR is aggressively investigating criminal allegations that involve reconstruction funds. During this reporting period, SIGAR opened 19 criminal cases and conducted joint investigations with other federal law enforcement agencies that resulted in the recovery of more than \$2 million. SIGAR has 42 cases under investigation. Our investigators are working closely with other agencies to maximize investigative resources.

SIGAR continues to expand its oversight of the U.S. reconstruction effort in Afghanistan. In addition to conducting audits and investigations to detect and deter waste, fraud, and abuse, it is essential to assess whether U.S.-funded reconstruction programs are advancing U.S. strategic goals. Moreover, our mandate directs us to do so. The huge increase in reconstruction funding requested by President Obama and the strategy to funnel more of these resources through Afghan institutions will add to SIGAR's oversight responsibilities. SIGAR is committed to conducting the audits and investigations needed to help the Congress ensure that the U.S. reconstruction effort meets its objectives and that these funds are not subject to waste, fraud, and abuse.

Very respectfully,



Arnold Fields

Special Inspector General for Afghanistan Reconstruction



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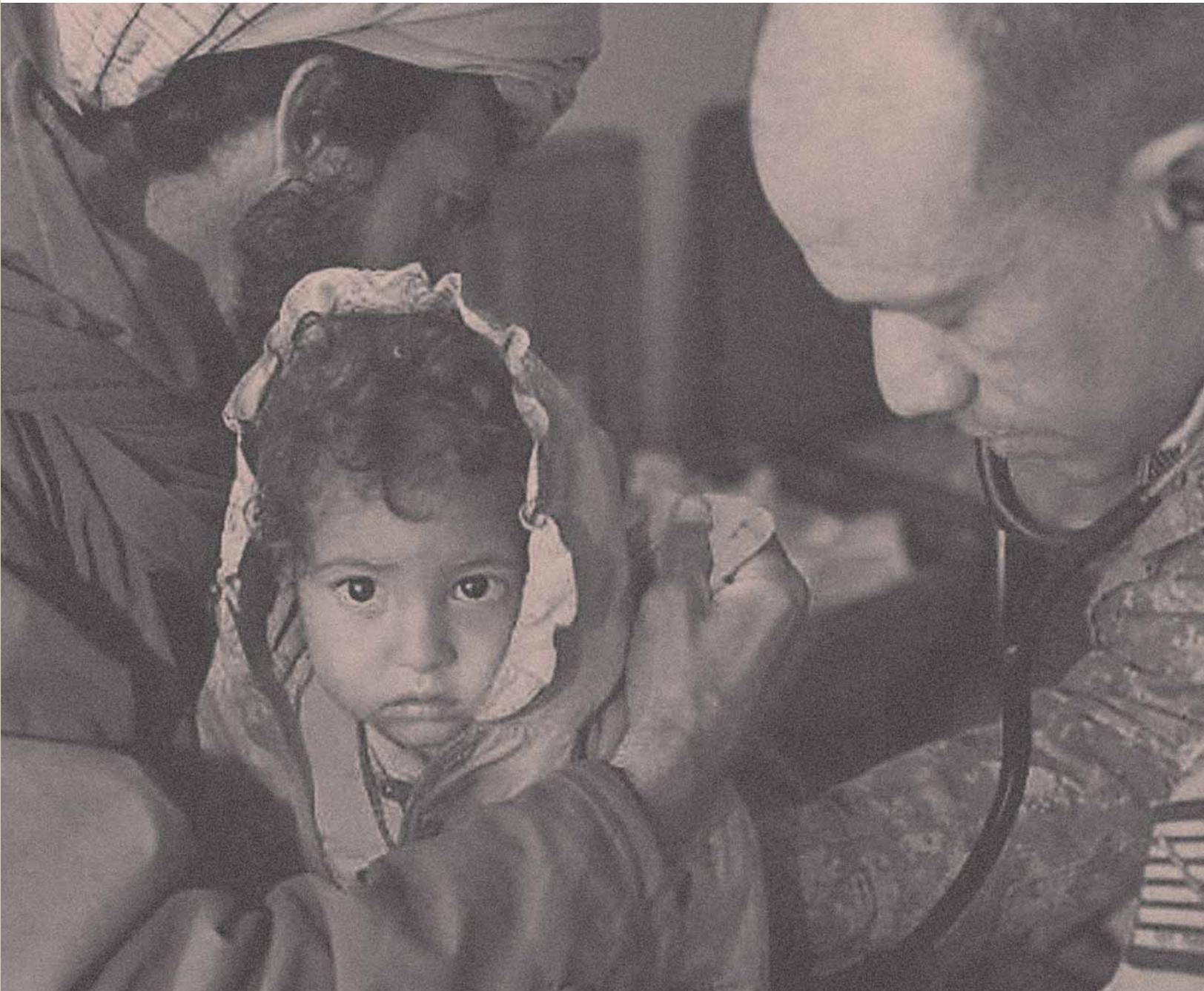
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**Providing assistance**

A Ghazni PRT member provides medical care for an Afghan child in Gelan district during a medical outreach mission. Afghan, U.S., and Polish medical providers treated approximately 270 patients during the mission. (U.S. Air Force photo, MSgt Sara R. Webb)

# 1 AFGHANISTAN OVERVIEW



“Together we are committed to make intensive efforts to ensure that the Afghan government is increasingly able to meet the needs of its people through developing its own institutions and resources.”

—*London Conference on Afghanistan, Communiqué*

Source: London Conference on Afghanistan, “Communiqué,” 1/28/2010.

## AFGHANISTAN OVERVIEW

Three developments since SIGAR's last report to Congress will shape the reconstruction program for the coming year: the U.S. President's budget requests for an additional \$20 billion in reconstruction funding, the Department of State's (DoS) new strategy to build the capacity of Afghan institutions, and the international community's commitment to accelerate the transition to control by the Government of the Islamic Republic of Afghanistan (GIROA) over its security and development.

### **THE PRESIDENT'S \$20 BILLION REQUESTS FOR RECONSTRUCTION**

On February 1, 2010, the U.S. President submitted his requests for the FY 2011 budget and the FY 2010 supplemental appropriation. If approved, these requests will add about \$20 billion—nearly 40%—to the nearly \$51.5 billion that the Congress has appropriated for the reconstruction of Afghanistan since 2002. The Administration is asking for this funding increase to implement the civilian-military strategy it has developed over the past several months to help the Afghan government build its capacity to defend itself and govern effectively. Last quarter, the President provided a broad outline of the new strategy, which included expanding Afghan security forces, developing a civilian strategy to build the capacity of Afghan institutions, and working in greater cooperation with the international community.

The FY 2011 budget request includes the following:

- \$11.6 billion for the Afghanistan Security Forces Fund (ASFF) to train, equip, mentor, and sustain the Afghan security forces
- \$1.3 billion for the Commander's Emergency Relief Fund (CERP)
- \$3.3 billion for the Economic Support Fund (ESF), which supports a broad range of governance and development programs

The FY 2010 supplemental request includes the following:

- \$2.6 billion for the ASFF
- \$1.6 billion for the ESF

The requests for the ASFF total \$14.2 billion—nearly 70% of the proposed reconstruction budget. In its justification for the proposed budget, the Department of Defense (DoD) said that without additional funding for the ASFF, the GIROA would not be able to counter the increasing threat of a well-armed and

# AFGHANISTAN OVERVIEW

growing insurgency. According to DoD, “The GIROA does not yet have adequate resources, institutional capacity, or independent expertise to develop the army and police.”<sup>1</sup> The requests for the ESF would provide nearly \$5 billion to fund the new DoS reconstruction program in Afghanistan.

## THE DEPARTMENT OF STATE’S NEW RECONSTRUCTION STRATEGY

This quarter, DoS announced “an extensive transformation of U.S. civilian assistance activities” to strengthen economic development, governance, and the rule of law in Afghanistan.<sup>2</sup> The Afghanistan and Pakistan Regional Stabilization Strategy includes deploying U.S. civilians to work in partnership with Afghans. It calls for increasing direct assistance through the GIROA, engaging Afghans in all aspects of U.S. assistance programs, putting Afghan businesses first in hiring and procurement, paying more attention to local government priorities, and improving accountability of the U.S. reconstruction program. This civilian strategy was developed to complement the military push to secure Afghanistan in the short term and forge strong relationships with Afghans that will last long after the U.S. and international forces withdraw.

The U.S. civilian-military strategy also puts greater emphasis on coordination with the international community. In January, the GIROA, the United States, and other international donors met in London to refocus the reconstruction effort to build the GIROA’s capacity to defend itself and provide essential services to its people.



**Afghan President Hamid Karzai** meets with world leaders at the London conference to discuss priorities in security, governance, and development in Afghanistan. (DoS photo)

## THE INTERNATIONAL COMMUNITY'S TRANSITION STRATEGY

At the London conference, the GIRoA and the international community committed themselves to a transition strategy that would enable the Afghan government to defend itself and meet the needs of its people by developing its own institutions and resources. The 78 nations and institutions that attended the conference issued a joint communiqué outlining reconstruction priorities in security, governance, and development. These priorities, which mirror the U.S. strategy, included the following:

- building the capabilities of the Afghan National Security Forces (ANSF)
- developing more effective and accountable national civilian institutions
- providing a better-resourced and better-coordinated civilian effort to help Afghanistan meet its formidable development challenges

Conference participants also welcomed an Afghan-led reconciliation and reintegration process that would “offer an honorable place in society” to anti-government elements who are willing to renounce violence and respect the Afghan Constitution.<sup>3</sup>

The GIRoA agreed to hold a follow-on donor conference in Kabul, at which it will present concrete program proposals to realize the broad objectives established at the London conference. The Kabul conference, scheduled for later this year, will be the first high-level international conference hosted by the GIRoA.

## THE RECONSTRUCTION PROGRAM

U.S. funding for reconstruction in Afghanistan focuses on three major sectors: security, governance, and development. SIGAR is committed to providing the oversight needed to help the Congress and implementing agencies evaluate whether the U.S. reconstruction effort is meeting its objectives in each of these areas.

### Security

In his inauguration speech last November, Afghan President Hamid Karzai set a goal of having the ANSF assume full responsibility for security within five years. To meet this objective, the GIRoA and the international community agreed to expand the Afghan National Army (ANA) by 52% from its current level of nearly 113,000 to 171,600, and the Afghan National Police (ANP) by about 35%, from nearly 100,000 to 134,000 by October 2011.

The U.S. plan to transition responsibility for security to the GIRoA depends heavily on building capable Afghan forces to their proposed strength. To do this, additional facilities will be needed to base, train, and house the Afghan forces. This quarter, SIGAR published two audits of U.S.-funded contracts to build ANA garrisons in Laghman and Kunduz provinces. These audits found several problems, including the following:

- lack of an ANA master plan for facilities development
- inadequate program management
- insufficient quality control

# AFGHANISTAN OVERVIEW

“The United States wants to continue to make progress on the civilian process of ensuring that agricultural production, energy production, good governance, rule of law, anti-corruption efforts... end up resulting in an Afghanistan that is more prosperous, more secure, and more independent...”

—President Barack Obama

Source: White House, press release, “Remarks by President Obama and President Karzai of Afghanistan after Meeting,” 3/28/2010.

These issues need to be addressed immediately if the United States and the international community are to be successful in building the ANA to its proposed strength.

The United States has invested more than \$25 billion—nearly half of all reconstruction dollars appropriated to date—toward training and equipping the ANSF through the Afghanistan Security Forces Fund. Despite this investment, SIGAR found that the NATO Training Mission - Afghanistan/Combined Security Transition Command - Afghanistan (NTM-A/CSTC-A) does not have a current master plan for developing the facilities needed to house and train these forces. Moreover, NTM-A/CSTC-A officials told SIGAR they were unaware of any planning documents or justification that provided information on the strategic deployment of ANA troops, garrison locations, or operations. NTM-A/CSTC-A officials said they are developing a process to capture the changing requirements of the garrisons. Without an updated strategy that reflects existing ANA requirements, NTM-A/CSTC-A risks building facilities that do not meet the ANA’s needs. SIGAR is also concerned that the GIRoA does not have the financial or technical capability to sustain completed ANA or ANP facilities. Current plans call for the United States to contract for operations and maintenance of more than 650 ANSF facilities through 2013, when all ANSF facilities are planned to be turned over to the GIRoA for operations and maintenance. SIGAR’s audit work will continue to examine the efficacy of plans for the maintenance and sustainment of ANSF infrastructure.

Construction of both the Laghman and Kunduz garrisons is behind schedule. The U.S. Army Corps of Engineers (USACE) is responsible for managing the contracts for the two garrisons. Although USACE has improved its oversight of these projects, SIGAR found construction problems of varying degrees at both sites. The most important problems concern the ANA garrison in Kunduz, which has been built in an area that has the characteristics of “collapsible soil”—loose, dry, low-density materials that collapse and compact when exposed to water. Severe settling of the soil following a rainfall in December 2009 has rendered several structures unusable.

Since October 2009, SIGAR has been conducting an audit of the Capability Milestone (CM) rating system, the sole metric used to monitor development progress of fielded ANSF units. CSTC-A developed the metrics in 2005, and they have been shared regularly with decision-makers, including the U.S. President and the Congress. In its most recent “Report on Progress toward Security and Stability in Afghanistan,” which was published during the course of SIGAR’s audit, DoD recognized the limitations of the rating system, saying that the “CM ratings simply depict the manning, training, and equipment of a unit.”<sup>4</sup> It added, “The correlation between CM ratings and operational capability to complete assigned missions is tenuous, and thus attempting to draw the conclusion that a CM rating is an indicator of capacity for success in operations can be misleading.”<sup>5</sup>

Having the ability to accurately measure the capabilities of the ANSF is critical to implementing the U.S. strategy. SIGAR’s audit, the first to evaluate the efficacy of these ratings, will be published next quarter. Its findings focus on five areas: 1) the reliability of the Capability Milestone System, 2) measurement and

# AFGHANISTAN OVERVIEW



**U.S. President Barack Obama** meets with Afghan President Hamid Karzai at the Presidential Palace in Kabul during his visit to Afghanistan on March 28, 2010. (White House photo)

validation, 3) analysis and reporting, 4) challenges facing assessment areas, and 5) systemic ANSF deficiencies that undermine efforts to develop unit capabilities.

## Governance

The new U.S. strategy emphasizes assisting GIROA institutions to be more effective and accountable. As part of the capacity-building effort, DoS intends to increase the amount of assistance it delivers through the Afghan government and local non-government organizations from 13.5% to 40% by the end of this year.<sup>6</sup> Participants at the London conference supported, in principle, the GIROA request that donors increase to 50% the proportion of development aid delivered through GIROA ministries over the next two years. However, the international community agreed that this support would depend on the GIROA making progress in further strengthening public financial management systems, improving budget execution, and reducing corruption.<sup>7</sup>

Donors, international organizations, the GIROA, and—most important—the Afghan people are disturbed by the pervasive corruption in Afghanistan. A recent survey of 12 provinces by the United Nations Office on Drugs and Crime found that more Afghans are concerned about corruption (59%) than about security (54%). Half of those surveyed said they had been obligated to pay at least one kickback to a public official during the preceding 12 months.<sup>8</sup>

Bribery is just one aspect of corruption. The World Bank has reported what it calls a criminal culture with “corruption networks” that include not only the buying and selling of government positions but also sweetheart deals in procurement and the award of contracts.<sup>9</sup> Corruption robs the poor, causes the

# AFGHANISTAN OVERVIEW

misallocation of resources, and weakens private sector growth. Worst of all, it destroys trust in government.

Because reducing corruption is an element of the U.S. strategy and is essential to achieving U.S. goals in Afghanistan, SIGAR launched a program last year to assess two key issues:

- 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
- the extent to which various national and local institutions have the systems in place to exert internal control and demonstrate accountability for donor funds

During this reporting period, SIGAR published a review of Afghanistan's Control and Audit Office (CAO), the agency responsible for auditing the country's public finances. As Afghanistan's top audit agency, the CAO is uniquely positioned to account for funds and to detect and deter corruption across the government. SIGAR's assessment found that Afghan law does not provide this agency with sufficient independence or authority to serve effectively as Afghanistan's top audit agency. Moreover, the CAO suffers from a shortage of qualified Afghan accountants and auditors; therefore, it relies heavily on support from foreign consultants and advisors.

Strengthening the CAO's capacity would contribute to enhanced transparency and reduced corruption in Afghanistan. SIGAR recommended that the GIROA should enact legislative reforms to provide the CAO with proper independence and authority, and that the international community provide sustainable assistance that is focused on developing the capabilities of the CAO staff.

SIGAR's audit of the CAO is the fifth assessment in its anti-corruption initiative, which is already having a positive impact. Last quarter, SIGAR issued a report on Afghanistan's High Office of Oversight (HOO), the principal agency responsible for combating corruption. Since the audit was published, the international community and the GIROA have taken steps to implement many of SIGAR's recommendations. According to the U.S. Embassy, an extensive dialogue between the international community and the HOO helped frame the anti-corruption paper prepared by the GIROA for the London conference. During the conference, President Karzai announced a whole-of-government approach to fighting corruption and said that he would empower the HOO to investigate and sanction corrupt officials. SIGAR is pleased to note that on March 18, 2010, President Karzai issued a decree giving the HOO greater independence and authority. USAID told SIGAR it will provide support to the HOO totaling \$30 million over three years. Both actions are consistent with SIGAR's recommendations.

As part of its effort to assess the internal controls and accountability procedures of key Afghan institutions, SIGAR is conducting a review of the salary support that the U.S. government is providing for GIROA officials. SIGAR has also begun an assessment of Afghanistan's National Solidarity Program, which has received more than \$900 million in donor assistance to fund small infrastructure programs.

## Development

The U.S. government's top reconstruction priority is revitalizing Afghanistan's once vibrant agriculture sector to create jobs and "sap the insurgency of fighters and of income from poppy cultivation."<sup>10</sup> Under the new strategy, the U.S. government is also committed to building an economic foundation for Afghanistan's future by 1) creating sustainable jobs in the private sector; 2) increasing the GIRoA's capacity to deliver public services to support sustainable growth in health and education; 3) expanding and improving the infrastructure sectors, including energy, transportation, telecommunications, and water; and 4) helping the GIRoA become less reliant on the donor community for its operating expenses.<sup>11</sup>

To implement the new U.S. reconstruction strategy, DoS is coordinating the deployment of civilian experts from 8 U.S. government departments and agencies. The goal of this civilian surge is to immediately triple the number of civilians working with government ministries, Provincial Reconstruction Teams, and military units—from the 320 who were on the ground in January 2009 to about 1,000. DoS intends to increase this civilian staffing by another 20% to 30% by the end of the year. These civilians are partnering with Afghans not only to enhance the capacity of government institutions, but also to help rehabilitate key economic institutions.

In March 2010, SIGAR began an audit to assess the implementation of the civilian surge. This review will 1) identify the number and types of personnel deployed, 2) evaluate the extent to which these civilians have been provided with the necessary resources, and 3) determine the extent to which civilians in the field are being used effectively to achieve stated programmatic and strategic objectives. SIGAR is coordinating the scope of this review with the Government Accountability Office (GAO). The GAO is examining how the U.S. government determined its requirements; SIGAR is assessing the implementation of the increased civilian deployment.

## LOOKING AHEAD

At the London conference, the international community committed to a transition strategy that will put Afghans in control of their future. The GIRoA must also do its part. During the next reporting period, the GIRoA will host two meetings at which it can demonstrate its ability to exercise greater leadership. The first, scheduled for this summer, will bring Afghans from across the country together in what is being dubbed a "Peace Jirga," to discuss reconciliation and reintegration of Taliban members who renounce al-Qaeda, cease violence, and accept the country's constitution. This will be followed later this year by the Kabul conference, at which the GIRoA is expected to present specific reconstruction proposals to the donor community. The Kabul conference will give the GIRoA an opportunity to transform the international commitments made at the London conference into programs to build capacity across the Afghan government and lay the foundation for sustained economic growth.

**Community outreach**

An ANSF soldier on a patrol mission in Parwan province gives candy to a child. (U.S. Army photo, SPC Lorenzo Ware)

# 2 SIGAR OVERSIGHT



“Improving accountability at every level—from senior officials to the policeman in a remote district office—must be at the heart of our reconstruction effort. Neither military power nor all the reconstruction dollars in the world—no matter how well projects are designed and executed—can produce a secure and stable Afghanistan if Afghans do not believe in their government.”

—*Special Inspector General Arnold Fields*

Source: Special Inspector General Arnold Fields, “Creating a Culture of Accountability,” speech at the 2nd Afghanistan Aviation and Defense Summit, 3/26/2010.

## SIGAR OVERSIGHT

During this reporting period, SIGAR continued to expand its oversight of the U.S. reconstruction program in Afghanistan. SIGAR published 4 audit reports and began 2 new audits, bringing the total number of ongoing audits to 12. SIGAR also began collecting data as part of its forensic audit of the Afghanistan Security Forces Fund (ASFF). SIGAR's investigators opened 19 criminal investigations and worked closely with other law enforcement organizations on cases that have resulted in more than \$2 million in recovered funds. SIGAR hired 12 new staff, making progress toward its goal of having 132 personnel in fiscal year (FY) 2011. SIGAR is in discussions with the U.S. Embassy in Kabul to increase the number of positions available for SIGAR auditors and investigators in Afghanistan, to ensure that SIGAR has sufficient staff on the ground to effectively detect and deter waste, fraud, and abuse of U.S. reconstruction dollars.

### AUDITS

This quarter, SIGAR reviewed Afghanistan's Control and Audit Office (CAO), the agency responsible for auditing the country's public finances, and conducted three assessments of infrastructure projects. SIGAR also announced two new audits. As part of its forensic audit program, SIGAR began examining Department of Defense (DoD) data on its appropriations and expenditures related to the ASFF for FY 2005–2009.

### Completed Audit Reports

The CAO audit is SIGAR's fifth report in its ongoing anti-corruption initiative that is assessing 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. The audit found that the CAO's legislative framework does not provide the CAO with sufficient independence or authority to serve effectively as Afghanistan's top audit agency.

Two of the three infrastructure audits focused on contract performance and oversight of projects managed by the U.S. Army Corps of Engineers (USACE) to build critical infrastructure for the Afghan National Security Forces (ANSF). The third infrastructure audit examined a contract funded by the Commander's Emergency Response Program (CERP) to build a bridge in Farah province. These assessments identified several contract, program management, and quality control issues. The following subsections summarize these four audit reports.

## **Audit 10-8: Control and Audit Office**

### **Afghanistan's Control and Audit Office Requires Operational and Budgetary Independence, Enhanced Authority, and Focused International Assistance To Effectively Prevent and Detect Corruption**

The United States, the international community, and the Government of the Islamic Republic of Afghanistan (GIROA) have identified pervasive corruption as a major obstacle to improving governance across Afghanistan. The United States, in conjunction with the international community, seeks to support efforts to strengthen Afghan institutions that oversee and implement anti-corruption measures. Established in 1981 by the Control and Audit Law, the CAO has audit authority over the central and provincial government institutions, as well as public enterprises. As Afghanistan's supreme audit institution, the CAO is uniquely positioned to account for funds and to detect and deter corruption across the government.

## **OBJECTIVES**

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

- Assess the CAO's current capability and performance in fulfilling its mandate.
- Review the assistance provided by the international community to strengthen the CAO's internal capacity.
- Examine the assistance provided by the U.S. government to strengthen the CAO's internal capacity.

## **FINDINGS**

The audit had two key findings:

1. SIGAR found that the current legislative framework does not provide the CAO with sufficient independence or authority. Under its enabling legislation, the CAO lacks both budgetary and operational independence from the GIROA's executive branch. The law does not give the CAO the authority necessary to 1) require audited entities to report on actions taken in response to CAO recommendations; 2) demand access to necessary documents, officials, and premises; or 3) require the CAO to report to the National Assembly or to publicly release its audit reports. Moreover, existing laws lack clarity about the roles, responsibilities, and authorities of the CAO and the Ministry of Finance with respect to internal auditing, resulting in conflicting responsibilities.

In late 2009, the Ministry of Justice asked the internationally supported Criminal Law Reform Working Group, which is chaired by the UN Office on Drugs and Crime, to review a draft of a new National Audit Law that would amend or supersede the existing law. The working group proposed significant revisions that would provide the CAO with the independence and authority it needs to perform its function as the nation's supreme auditing institution.

The draft law was then submitted to the Ministry of Justice for review. However, a SIGAR review of a February 2010 copy of the draft law found that it did not include many of the working group's substantive proposals.

2. Despite significant assistance from the international community, the CAO is constrained by a lack of internal capacity. It relies heavily on support from foreign consultants and advisors. The CAO suffers from the absence of qualified accountants and auditors among Afghan nationals. Its current staff is in urgent need of professional training, English language training, and computer training. The shortage of qualified personnel is compounded by the low salaries the CAO offers civil servants compared with the salaries offered by the private sector and international organizations.

The CAO has formally adopted the standards of the International Organization of Supreme Audit Institutions. However, because the CAO lacks qualified professional staff, it depends on international advisors. Thus, it has contracted with international auditors to ensure that its audits of donor funds, particularly those provided by the World Bank through the Afghanistan Reconstruction Trust Fund, are conducted according to international standards.

Since 2004, the World Bank has provided about \$13.3 million to the CAO. Currently, the Bank funds 66% of the CAO's total budget and 80% of the CAO's development budget. The Bank is assisting the CAO through the Afghanistan Public Financial Management Reform Project, which began in May 2007 and is scheduled to run through December 2010. However, the Bank and the CAO have used most of these funds to pay for international auditors to provide oversight of donor funds, rather than to build the CAO's capacity.

In addition to the World Bank, the United Nations Development Programme has provided limited direct assistance—coaching, advisory services, and training—to build CAO capacity. Meanwhile, the U.S. Agency for International Development, or USAID (the only U.S. agency to assist the CAO), has given modest support, primarily by funding conferences and training programs for a limited number of CAO officials.

## RECOMMENDATIONS

To hold the GIRoA accountable to the Afghan people and to help provide oversight for donor funds paid directly to government institutions, key anti-corruption bodies such as the CAO need to be reinforced. Strengthening the CAO's capability and capacity would contribute to enhanced transparency and reduced corruption in Afghanistan. However, building capability and capacity within the CAO depends largely on having the CAO operate under a legal framework that provides independence and appropriate authority. In conjunction with legislative reforms, the United States and the international community must provide sustainable assistance that is focused on developing the capacity of Afghanistan's audit professionals. Supporting an independent and capable CAO will increase public visibility into the operations of the GIRoA, promote transparency and accountability, and empower citizens to demand real change.

# SIGAR OVERSIGHT

To strengthen the CAO's capability and capacity, SIGAR recommended in April 2010 that the U.S. Ambassador to Afghanistan take two actions:

- Urge the GIRoA to enact legislation that provides the CAO with sufficient independence and authority to fulfill its responsibilities in accordance with internationally recognized audit standards.
- Oversee the development and implementation of a capacity-development plan for the CAO, in cooperation with the CAO and international stakeholders, as part of the U.S. government's anti-corruption strategy for Afghanistan. Such a plan should include identifying funding sources and donor responsibilities for capacity development and training, utilizing existing training options within the U.S. government, and appointing expert audit mentors and advisors.

## AGENCY COMMENTS

The U.S. Embassy in Kabul and the USAID Mission to Afghanistan concurred with SIGAR's findings and recommendations. The U.S. Embassy said it would raise the legislative issue with GIRoA authorities and that USAID will work with the CAO and international donors to formulate and implement a capacity-development plan for the CAO. The U.S. Embassy said this plan would be completed by June 30, 2010.

## Audit 10-09: Kunduz ANA Garrison

**ANA Garrison at Kunduz Does Not Meet All Quality and Oversight Requirements; Serious Soil Issues Need To Be Addressed**

The U.S. strategy in Afghanistan depends on building the country's capacity to provide for its own security by training and equipping the ANSF. Since 2002, the U.S. Congress has appropriated about \$25 billion—nearly half of all reconstruction dollars—for the ASFF, which finances the training, equipping, and sustainment of the ANSF. The purpose of the ASFF includes building the facilities needed to train, base, and house the Afghan forces. Current plans call for the Afghan National Army (ANA) to grow from about 103,500 in June 2009 to 171,600 by October 2011. As a result of these increases, additional facilities are needed to train, base, and house the Afghan forces.

This quarter, SIGAR examined the U.S.-funded construction of an ANA garrison in Kunduz. The garrison, located in the northern province of Kunduz, is designed to house about 1,800 ANA personnel and an embedded U.S. training team. The NATO Training Mission - Afghanistan/Combined Security Transition Command - Afghanistan (NTM-A/CSTC-A) is providing \$72.8 million to construct the garrison in two phases:

- Phase I: barracks, storage facilities, dining facility, and embedded training team compound for coalition forces<sup>12</sup>
- Phase II: additional barracks, a medical clinic, and a detention facility

The USACE Afghanistan Engineer District-North (AED-North) awarded two firm-fixed-price contracts to DynCorp International LLC for program management and oversight of both phases.



**Severe soil settling** has caused this guardhouse to lean and its surrounding walls to crack. SIGAR has recently identified significant soil stability issues at the construction site of the Kunduz ANA garrison. (SIGAR photo)

## OBJECTIVES

The audit addressed three objectives:

- Determine whether the Kunduz garrison was constructed within the terms of the contracts, including schedule and cost.
- Determine whether the USACE conducted oversight of the garrison construction in accordance with the Federal Acquisition Regulation, USACE requirements, and oversight provisions of the contract.
- Identify NTM-A/CSTC-A's overall justification for the garrison and the plans it has for the sustainment of ANSF facilities.

## FINDINGS

1. SIGAR found that Phase I is 20 months behind schedule, and Phase II is more than a year behind schedule. AED North now anticipates that the garrison will be finished by August 2010. Phase I costs increased from \$30 million to \$49.2 million because AED-North exercised options in the contract to expand the work. The Phase II contract was awarded for \$23.3 million and costs have not increased.

2. SIGAR identified construction problems, serious soil stability issues (including severe settling of the soil under several garrison structures), and improper grading at the site that put the U.S. investment in the garrison at risk.

SIGAR found that welds connecting the steel members of roof-support trusses in various facilities were irregular, filled with holes, and lacked the required continuity or section buildup. A heavy load could cause the trusses to fail and the roof to sag or collapse. SIGAR also observed rust breaking through the coat of primer that covered the roof supports at various locations. Rust will damage the structural integrity of the steel and may also lead to the roof sagging or collapsing.

The most serious quality control issue observed in SIGAR's January 2010 site inspection was severe settling of the soil under several structures following a rainfall in December 2009. An AED-North report noted that as many as 48 sites in and around the garrison showed signs of collapsed soil. The settling has rendered several structures unusable, including a guard tower, an adjacent stone wall, and a road bed. Although both AED-North and DynCorp agree that the soil under the site is collapsible, they have not agreed on a course of corrective action. The condition has been aggravated by inadequate grading that will contribute to pooling of water and flooding.

3. AED-North did not meet certain USACE requirements for conducting oversight and maintaining contract files. Although progress payments were documented properly, certain documents, such as quality assurance reports, were not in the files as required. Although AED-North's quality assurance was poor during the project's early stages, SIGAR found that it had improved over time as new personnel arrived.
4. Although an October 2005 ANA Master Plan for Facilities Development was cited as justification for the FY 2008 Afghanistan Security Forces budget request to the Office of the Secretary of Defense, NTM-A/CSTC-A could not

locate a copy of this document or other planning documents or any justification that provided information on the strategic deployment of ANA troops, garrison locations, or operations. Without an updated strategy that reflects current ANSF requirements, NTM-A/CSTC-A runs the risk of building facilities that do not meet ANA needs.

5. The GIRoA does not have the capacity to sustain the Kunduz garrison or other ANSF facilities once they are completed. Since 2002, the United States and the international community have provided funding for the sustainment of ANA facilities. In September 2006, AED-North awarded a \$200 million operations and maintenance contract for ANSF facilities. With the current contract set to expire in April 2010, AED-North told SIGAR that two new contracts will be awarded to cover ANSF facilities in northern and southern Afghanistan. The northern contract will be valued up to \$450 million; the southern contract, up to \$350 million. Both contracts will be for one base year plus four optional years and will require an operations and management training program for Afghan workers.

## RECOMMENDATIONS

The United States has paid more than \$51 million of the current contracts' value of \$72.8 million to build this garrison in support of ANA operations in Kunduz. To ensure the structural integrity of the Kunduz garrison, SIGAR recommended that the USACE Commanding General direct AED-North to take two actions to address these construction concerns:

- Repair the welds and mitigate the rust on steel supports on the affected structures.
- Resolve the soil stability issue and decide what mitigation or corrective actions are required (including site grading) for DynCorp to complete the project.

To address contract oversight issues, SIGAR also recommended that the USACE Commanding General direct AED-North to ensure that the Kunduz garrison's contract files are maintained according to USACE guidance.

## AGENCY COMMENTS

At the time this publication went to press, the agencies were still preparing formal comments on the draft of the report. The final audit report contains the comments and response to the findings and recommendations ([www.sigar.mil](http://www.sigar.mil)).

### **Audit 10-10: Gamberi ANA Garrison**

**ANA Garrison at Gamberi Appears Well Built Overall, but Some Construction Issues Need To Be Addressed**

The U.S. strategy in Afghanistan depends on building the country's capacity to provide for its own security by training and equipping the ANSF. Since 2002, the U.S. Congress has appropriated about \$25 billion—nearly half of all reconstruction dollars—for the ASFF, which finances the training, equipping, and

# SIGAR OVERSIGHT

sustainment of the ANSF. This mission includes building the facilities needed to train, base, and house the Afghan forces. Current plans call for the ANA to grow from about 103,500 in June 2009 to 171,600 by October 2011. As a result of these increases, additional facilities are needed to train, base, and house the Afghan forces. SIGAR examined the U.S.-funded construction of an ANA garrison at Gamberi.

The garrison at Gamberi, in Laghman province in eastern Afghanistan, will house about 4,000 ANA soldiers. An estimated 250 U.S. soldiers will be embedded with the ANA at the garrison. NTM-A/CSTC-A is providing \$128.8 million to build the garrison in three phases, as well as a weapons training range:

- Phase I: barracks, storage facilities, dining facility, and embedded training team compound constructed for the ANA soldiers and the embedded U.S. training team
- Phase II: barracks, a battalion headquarters, and a communication and electrical distribution system for ANA soldiers and the embedded U.S. training team
- Phase III: three officers' barracks, six enlisted open-bay barracks, a battalion headquarters, arms storage, general warehouse storage, and a motor pool for a Corps Support Battalion

AED-North awarded two firm-fixed-price contracts to DynCorp International LLC for program management and oversight of Phases I and II, and a third firm-fixed-price contract to BYA Inc. for Phase III. It also awarded a firm-fixed-price contract for the weapons training range to Lakeshore Engineering Services. At the time SIGAR conducted the audit, NTM-A/CSTC-A had not awarded a Phase IV contract to build facilities for the 201st Corps headquarters.



**An Afghan contractor** digs an anti-vehicle trench that also serves as a drainage channel around the perimeter wall of the Gamberi ANA garrison. (SIGAR photo)



**Site preparation and soil grading** continues at the Gamberi ANA garrison in Laghman province. (SIGAR photo)

# SIGAR OVERSIGHT

## OBJECTIVES

The audit addressed three objectives:

- Determine whether the Gamberi garrison was constructed within the terms of the contracts, including schedule and cost.
- Determine whether USACE conducted oversight of the garrison construction in accordance with the Federal Acquisition Regulation, USACE requirements, and oversight provisions of the contract.
- Identify NTM-A/CSTC-A's overall justification for the garrison and the plans it has for the sustainment of ANSF facilities.

## FINDINGS

1. SIGAR found that Phase I is nearly 2 years behind schedule, and Phase II is 14 months behind schedule. The training range is about 6 weeks behind schedule, but Phase III is ahead of schedule. All phases and the training range are now scheduled to be completed by September 2010, with an increase of \$3.4 million—from \$126.5 million to \$129.8 million—because AED-North exercised options in the contracts, including demining of the training range.
2. Overall, the garrison appears to be well built, but some construction issues need to be addressed. SIGAR observed that the concrete foundations and the prefabricated buildings have been installed according to standards and that subcontractors at the garrison used proper quality control methods. However, SIGAR also found some construction quality issues, including poor flood-control measures, inadequate grading, and a deteriorating bridge, as well as potential difficulties securing the weapons training range.
3. Since September 2009, AED-North personnel have provided the management and oversight required by USACE for Phases I, II, and III, as well as the training range. Prior to this date, security issues prevented AED-North personnel from visiting the site to provide daily oversight, and the Afghan workers hired by AED-North lacked sufficient training to provide the necessary oversight. During this period, DynCorp was issued two interim unsatisfactory ratings because of project delays, but AED-North informed SIGAR that the company has since taken corrective actions.
4. Although an October 2005 ANA Master Plan for Facilities Development was cited as justification for the FY 2008 Afghanistan Security Forces budget request to the Office of the Secretary of Defense, NTM-A/CSTC-A could not locate a copy of this document or other planning documents or justification that provide information on the strategic deployment of ANA troops, garrison locations, or operations. Without an updated strategy that reflects current ANSF requirements, NTM-A/CSTC-A runs the risk of building facilities that do not meet the ANA's needs. The GIRoA does not have the capacity to sustain the Gamberi garrison or other ANSF facilities once they are completed. Since 2002, the United States and the international community have provided funding for the sustainment of ANA facilities. In September 2006, AED-North awarded a \$200 million operations and maintenance contract for ANSF

facilities; that contract is set to expire in April. AED-North told SIGAR that two new contracts will be awarded to cover ANSF facilities in northern and southern Afghanistan. The northern contract will be valued at up to \$450 million; the southern contract, up to \$350 million. Both contracts will be for one base year plus four optional years and will require an operations and management training program for Afghan workers.

## RECOMMENDATIONS

The United States has paid more than \$87 million of the two contracts' value of \$129 million to build this garrison in support of ANA operations in Laghman province. To ensure the quality of the construction, SIGAR recommended that the USACE Commanding General direct AED-North to take these actions to address construction issues:

- Mitigate silt accumulations in the anti-vehicle trench and drainage channel.
- Ensure that the site is properly graded.
- Repair the bridge near the main entrance of the garrison.
- Secure the weapons training range.

## AGENCY COMMENTS

At the time this publication went to press, the agencies were still preparing formal comments on a draft of the report. The final audit report contains the agency comments and response to the findings and recommendations ([www.sigar.mil](http://www.sigar.mil)).

## Audit 10-7: Tojg Bridge Construction

### The Tojg Bridge Construction Is Nearly Complete, but Several Contract Issues Need To Be Addressed

Provincial Reconstruction Teams (PRTs) are vital to the U.S. strategy to promote good governance and foster economic development across Afghanistan. To respond to urgent humanitarian relief and reconstruction requirements, U.S.-led PRTs often use DoD funding from CERP. In September 2007, the PRT in Farah awarded a \$1.75 million, CERP-funded, firm-fixed-price contract to a joint venture of several Afghan firms to build a 300-meter bridge across the Farah River near the village of Tojg, about 28 miles southwest of Farah City. The bridge was intended to provide a shorter route between several districts and the capital of Farah. The reduced travel time to Farah City would encourage economic activity, provide the ANSF with better access to other districts, and increase Afghan citizens' access to government services.

## OBJECTIVES

This audit had the following objectives:

- Determine the status of the project.
- Assess the PRT's management of the contract.
- Evaluate the PRT's plans for turning over the bridge to the GIRoA.

# SIGAR OVERSIGHT

## FINDINGS

1. The bridge was to be open by September 2009, but it has been delayed by a year. In March 2008, the PRT rotated; a month later, the new PRT Commander concluded that the bridge would not bring significant benefit to the people of Farah and was a poor use of resources. By August 2008, the Afghan joint venture constructing the bridge had been paid \$576,000, or 33% of the contract value, but the bridge was only 1% complete. The PRT Commander recommended that the project be discontinued. The U.S. National Command Element (USNCE) at Kandahar Airfield, which had oversight responsibility for CERP projects in Farah, ordered an investigation of the project.

In November 2008, the USNCE Commander directed the Farah PRT to complete the project and provide greater oversight. In spring 2009, the contractors asked for an extension because of flooding, but the PRT did not respond to this request until SIGAR asked about it in December 2009. At that time, the bridge was 80% complete. Because of subsequent worksite flooding, the completion date has been further extended to September 2010. The PRT approved both extensions with no change in contract price.

2. During a June 2009 site inspection, SIGAR identified problems that raised questions about the safety and usability of the bridge. The joint venture did not conduct proper tests of the building materials, including the concrete, and did not provide the weekly quality control reports required by the contract.



**Afghan construction workers** reinforce the arches supporting the Tojg Bridge across the Farah River. SIGAR has documented findings related to management oversight and quality control of the delayed project. (SIGAR photo)

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3. The ownership of the land leading to the bridge had not been clearly established. The land rights to the bridge approaches will be critical to the use of the bridge.
4. A number of issues are unresolved concerning a gravel plant built to supply materials for the bridge. In November 2008, the USNCE Commander determined that this plant was an “implied” part of the bridge project and should be turned over to the appropriate GIROA authority. The plant began operations in May 2008 and has been supplying gravel for the construction of the bridge and numerous other projects in the province. The PRT has not accounted for the gravel plant and the associated equipment, which are worth at least \$300,000.
5. CERP guidelines require PRTs to identify and implement projects through the appropriate Afghan authorities to ensure that projects are sustainable; nevertheless, the Farah PRT had not involved GIROA provincial officials before the SIGAR site visit in June 2009. In December 2009, the PRT Commander told SIGAR that a representative from the Farah District Public Works Department had been present on every PRT visit to the bridge since October 2009. The PRT noted that the department was struggling to provide engineering support because of a lack of funding, equipment, and personnel.
6. The Farah PRT did not maintain contract files in accordance with CERP guidance. Incomplete documentation contributed to each of SIGAR’s concerns.

## RECOMMENDATIONS

To ensure that U.S. resources are properly accounted for and that the Tojg bridge is safe and usable, SIGAR recommended that the Commander of U.S. Forces - Afghanistan (USFOR-A) direct the Farah PRT to take action in four areas:

- Establish accountability for the gravel plant and associated equipment to ensure the plant’s sustainability.
- Ensure that necessary quality control and quality assurance procedures are performed and adequately documented, including making sure that 1) testing of critical construction materials is completed, 2) the structural concrete meets design requirements, and 3) weekly engineer reports that document quality control and corrective actions are prepared.
- Ensure that the land rights associated with the bridge approaches are documented and transferred to the GIROA.
- Address the deficiencies in the contract files as required by applicable guidance.

## AGENCY COMMENTS

USFOR-A concurred with the recommendation to ensure that the land rights associated with the bridge approaches are documented and transferred to the GIROA; it partially agreed with the other recommendations. USFOR-A noted that the Farah PRT had taken various steps to address SIGAR’s concerns; for example, the USACE conducted an assessment of the bridge construction procedures and verified that they were adequate.

USFOR-A disagreed with the USNCE Commander's November 2008 determination that the gravel plant was an implied part of the contract and should be turned over to the GIRoA. USFOR-A said that it could find no legal obligation for the Afghan joint venture to turn the plant and equipment over to the GIRoA. Although the Farah PRT maintained throughout the course of the audit that the gravel plant would be turned over to the GIRoA, SIGAR does not dispute USFOR-A's interpretation.

## **New Audits Announced This Quarter**

This quarter, SIGAR initiated two new audits. As part of its anti-corruption initiative, SIGAR began an audit of Afghanistan's National Solidarity Program, which is funded by international donors. SIGAR is also assessing the civilian uplift in support of the U.S. reconstruction effort in Afghanistan.

## **Review of the Implementation of the Civilian Uplift in Support of the U.S. Reconstruction Effort in Afghanistan**

SIGAR has coordinated the scope of this audit with the Government Accountability Office (GAO). The GAO is examining how the U.S. government determined its requirements; SIGAR is assessing the implementation of the increased civilian deployment. SIGAR's audit has three objectives:

- Identify the number and types of personnel provided to implement the civilian uplift.
- Assess the extent to which required resources have been provided to support the operational and support needs of these additional personnel in Afghanistan.
- Assess the extent to which civilians in the field are being used effectively to achieve stated strategic and programmatic goals, including collaborating with military and international partners and assisting with contract oversight responsibilities.

## **Review of Afghanistan's National Solidarity Program**

This audit is related to a series of audits SIGAR is conducting to examine U.S. and other donor assistance in support of the GIRoA's anti-corruption capabilities. These audits also assess the internal controls that Afghan public institutions are able to exercise to ensure that donor assistance funds provided to the GIRoA are reasonably protected against waste, fraud, and abuse.

In 2003, Afghanistan's Ministry of Rural Rehabilitation and Development established the National Solidarity Program to help Afghan communities identify, plan, manage, and monitor their own development projects. Since then, the program has received more than \$900 million in international funding and has reported completing nearly 40,000 small infrastructure projects. This audit has two objectives:

- Identify U.S. and donor assistance to the program and determine actions taken by the United States and other donors to ensure that their contributions are adequately accounted for, appropriately programmed, and ultimately used for their intended purposes.
- Examine the capacity of the Ministry of Rural Rehabilitation and Development to plan, manage, and monitor the program to provide reasonable assurance that adequate internal controls are in place and are used properly to achieve the program's intended results.

## Ongoing Audits

During this reporting period, SIGAR continued work on 10 other audits, including contract assessments, program assessments, and reviews related to SIGAR's anti-corruption initiative. The audits address reconstruction issues related to security, governance, and development.

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

SIGAR is examining the USACE construction contracts for Phases I and II of the U.S.-funded ANA brigade garrison in Farah province. The audit has these objectives:

- Determine whether the garrison was completed within the terms of the contract, including schedule and cost.
- Review what support and documentation were submitted for contract modifications and contractor costs and payments, and whether these submissions meet applicable requirements.
- Assess whether U.S. contract administration and oversight meet applicable requirements.
- Determine whether the ANA, which has taken possession of the garrison, can operate and maintain the facilities.

### **Review of Salary Support Provided by U.S. Government Agencies to Afghan Government Officials**

This audit is part of SIGAR's effort to assess the internal controls and accountability procedures of key Afghan government institutions. It is reviewing all U.S. government salary support for GIRoA officials, except for uniformed ANSF. The review has these objectives:

- Identify all U.S. government salary support to GIRoA officials.
- Examine the internal controls and other accountability mechanisms for determining the recipients of salaries and the amounts paid.
- Identify challenges, if any, in providing salary support.

## **Identification of Major Vendors for Reconstruction Contracts in Afghanistan**

SIGAR initiated this audit to identify and describe the largest U.S. reconstruction contracts; this information will help guide SIGAR's contract audits. The GAO has provided SIGAR with access to the database it compiled to prepare its reports addressing contracting in Afghanistan during FY 2007, FY 2008, and the first six months of FY 2009. SIGAR has analyzed the GAO's data to identify and rank the prime vendors by total obligations during that period. This audit is designed to accomplish 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 value and purpose of the contracts identified.
- Document each contract's reported total obligations and expenditures through FY 2009.

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

## **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, is reviewing independent assessments of the 2009 presidential and provincial council elections and actions taken by U.S. and international donors to support the 2010 elections. This review will identify the lessons learned from the 2009 elections and actions taken to address electoral reforms priorities and issues.

## **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 has these objectives:

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

## **Contract Audit: Reconstruction Security Support Services from Global Strategies Group, Inc.**

This audit, which is related to SIGAR's audit of private security contractors in Afghanistan, is examining whether the USACE received the security services it needed from the contractor at a reasonable cost. The audit has these objectives:

- Determine whether the contract requirements are being completed within the terms of the contract, including schedule and cost.
- Assess what supporting documentation has been submitted for contract modifications and contractor costs and payments, and whether these meet applicable requirements.
- Determine if U.S. contract administration and oversight meet applicable requirements.
- Determine if any private security subcontractors were used by the prime contractor, and if so, whether the requirements of the prime contractor were included in the subcontract.

## **System To Assess the Capabilities of the ANSF**

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 has these objectives:

- Identify the metrics used to measure and verify ANSF capabilities.
- Assess the extent to which readiness assessment methods vary between and within the ANA and the Afghan National Police (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 ANSF Personnel Management**

SIGAR is conducting this audit to evaluate the extent to which the ANSF has developed accurate systems for personnel accounting. It is assessing 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 ANSF Complex Outside the Kandahar Airfield**

SIGAR is examining U.S.-funded construction contracts for facilities at the Joint Regional ANSF Complex, which are nearing completion. The audit has these objectives:

- Determine whether infrastructure projects are being completed within the terms of the contract, including scheduling and cost.
- Assess what support and documentation have been submitted for contract modifications and contractor costs and payments, and whether these submissions are adequate.
- Evaluate the quality of U.S. contract administration and oversight.
- Determine 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 how funds earmarked for Afghan women and girls have been used and the extent to which the use of these funds has complied with U.S. legislative requirements. SIGAR is also assessing how agencies measure the effectiveness of programs using these funds and what agencies are doing to ensure the sustainability of those programs.

## **Forensic Audit**

Earlier this year, SIGAR launched a forensic audit program that uses data-mining techniques to identify anomalies in payments that could indicate fraud or waste, as well as to identify poor internal controls or lack of accountability. This quarter, SIGAR began the data collection process for the ASFF. The ASFF was authorized on May 11, 2005, in Public Law 109-13, “Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005.” The law appropriated the initial funding for the ASFF for equipment, supplies, services, and training, as well as the repair, renovation, and construction of ANSF facilities. SIGAR will conduct a detailed examination of appropriations and disbursements data related to the ASFF for FY 2005 to FY 2009. During this period, the Congress provided approximately \$18.67 billion for the ASFF. This forensic audit will identify anomalous patterns, including improper payments, fictitious or generic vendors, and notable variances in transactional activity.

## **Planned Audits**

SIGAR will continue to conduct a wide range of audits, including contract and performance audits of various aspects of the reconstruction effort. SIGAR will begin new audits as it hires additional auditors and completes ongoing work. SIGAR considers the following audits to be priorities and plans to initiate them within the next six months:

- a review of U.S. and international donor programs to assist Afghanistan’s agriculture sector
- a review of the ANSF logistics system for supplies
- a review of contract performance, cost, and agency oversight of U.S. government contracts with MPRI
- a review of contract performance, cost, and agency oversight of the U.S. government cooperative agreement in Afghanistan with International Relief & Development
- a review of U.S. Air Force use of reconstruction funds for infrastructure projects
- a review of contractor insurance claims

## INVESTIGATIONS

During this reporting period, SIGAR opened 19 criminal cases and conducted joint investigations resulting in the recovery of more than \$2 million. Since the January 30, 2010 report, SIGAR has hired 4 additional investigators, bringing the total investigative staff to 14. SIGAR deployed 3 more investigators to Afghanistan and now has 7 investigators stationed in 4 locations in Afghanistan—at the U.S. Embassy in Kabul, Camp Eggers, Bagram Air Field, and Kandahar Air Field.

### Status of Cases

Since the January 2010 quarterly report, SIGAR opened 19 criminal cases and closed 10 others, most of which lacked prosecutorial merit.<sup>13</sup> SIGAR is currently investigating 42 cases, primarily focused on contract fraud, bribery, and procurement fraud, as shown in Figure 2.1.

### Fraud and Theft Investigation Leads to \$1.9 Million Recovery

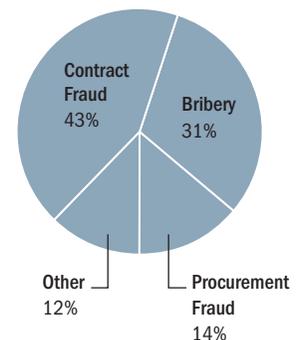
As a result of a criminal investigation conducted jointly by SIGAR, the U.S. Army Criminal Investigation Command (CID), and the International Contract Corruption Task Force (ICCTF), USACE issued a “decision finding” and formal demand requiring an Afghan company and a Korean company to repay \$1.9 million to the U.S. government. Investigators determined that these companies filed false claims and stole U.S. government property from a construction site. SIGAR is coordinating further investigation through the ICCTF to ensure that the subjects are held accountable for the actions within the appropriate criminal judicial process.

### Discovery of Procurement Irregularities Results in Recovery of \$240,000

An investigation by SIGAR, the Department of State Office of Inspector General, and the ICCTF led to the recovery of approximately \$240,000 from a U.S. contractor for improprieties involving a kickback and embezzlement scheme facilitated through inflated contract billing and fictitious credits. The contractor conceded that irregularities occurred, and the investigation is continuing.

FIGURE 2.1

CASES UNDER INVESTIGATION BY TYPE



Source: SIGAR Investigations Directorate, 4/13/2010.

# SIGAR OVERSIGHT

## Investigation Reveals Bribes for Fuel and Transportation Contracts

A joint investigation by ICCTF members, including SIGAR and the CID, revealed that a member of the U.S. Navy working in a U.S. contract office in Kabul accepted bribes to influence the award of U.S. fuel and construction contracts. The Navy officer admitted receiving \$10,000 from transportation vendors in Afghanistan, giving favorable consideration in the award of contracts, making false statements to investigators to cover his actions, and receiving \$10,000 from a contractor engaged in commercial trucking. Investigators recovered the \$10,000 bribe, and the U.S. Navy has taken disciplinary action.

## SIGAR Hotline

The Hotline continues to be a useful tool for SIGAR's investigations team. This quarter, SIGAR initiated investigations for 17 of the 35 Hotline complaints it received. It referred 8 of the complaints to other agencies and closed 9 that were found to be without merit. SIGAR is still reviewing one complaint.

## SIGAR BUDGET

The Congress has appropriated \$46.2 million to SIGAR since July 2008, as shown in Table 2.1. SIGAR has submitted a \$35.6 million budget request for FY 2011 to cover the operating expenses needed to conduct independent and objective oversight of the nearly \$51.5 billion appropriated for the reconstruction of Afghanistan. This budget request would provide SIGAR with the resources necessary to fully staff the 132 positions it has identified as necessary to fulfilling its congressional mandate to conduct audits and investigations to prevent and detect fraud, waste, and abuse of U.S. reconstruction funds.

TABLE 2.1

<b>SIGAR FUNDING SUMMARY</b> (\$ MILLIONS)					
<b>Appropriation</b>	<b>Public Law</b>	<b>Appropriated</b>	<b>Made Available</b>	<b>Expires</b>	<b>Amount</b>
Supplemental Appropriations for Fiscal Year 2008, H.R. 2642	PL. 110-252	6/30/2008	6/30/2008	9/30/2009	\$2.0
Supplemental Appropriations for Fiscal Year 2008, H.R. 2642	PL. 110-252	6/30/2008	10/1/2008	9/30/2009	\$5.0
Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009	PL. 110-329	9/30/2008	9/30/2008	9/30/2010	\$9.0
Supplemental Appropriations for Fiscal Year 2009, H.R. 2346	PL. 111-32	6/24/2009	6/24/2009	9/30/2010	\$7.2
Consolidated Appropriations Act, 2010, H.R. 3288	PL. 111-117	12/16/2009	10/1/2009	9/30/2010	\$23.0
<b>Total</b>					<b>\$46.2</b>

## Funding Request for Anti-Corruption Initiative

SIGAR has submitted an additional request for \$14 million for FY 2010 and FY 2011 to expand its anti-corruption audit initiative. The initiative is assessing two key elements in the fight against corruption:

- what the United States and other donor countries are doing to build the capacity of GIROA institutions to deter corruption and strengthen the rule of law
- the extent to which various national and local institutions have systems in place to account properly for donor funds

SIGAR has published five audits as part of this anti-corruption initiative.

Corruption is widely acknowledged to be a pervasive, entrenched, and systemic problem across Afghanistan. Because corruption corrodes the government's legitimacy and undermines international development efforts, the new U.S. strategy has made strengthening the GIROA's capability to combat corruption a priority. The new strategy also calls for more U.S. assistance to be channeled through GIROA institutions. The success of this strategy will depend to a large degree on the capacity of those institutions to manage donor funds and protect them from waste, fraud, abuse, and other forms of corruption. The additional funding would enable SIGAR to conduct audits in FY 2010 and FY 2011 of Afghan institutions at the national and provincial levels. These audits will provide an important tool for U.S. decision-makers responsible for implementing the new strategy.

## SIGAR STAFF

During this reporting period, SIGAR made progress toward its goal of having 132 staff members in FY 2011. At the time this report went to press, SIGAR had 79 employees: 74 hired under the 3161 authority, 3 on detail from DoD, and 2 foreign service nationals in Kabul. These figures reflect 12 new hires and the losses from staff attrition.

SIGAR maintains an office in Kabul and three other locations in Afghanistan. At the time this report went to press, SIGAR had 22 staff members based in Afghanistan. SIGAR continues to send additional staff on temporary duty rotations to conduct audits and investigations.

**Afghans rebuild**

Construction workers remove debris for an infrastructure improvement project at a school in Wardak province.  
(U.S. Army photo, SGT Russell Gilchrest)

# 3 RECONSTRUCTION UPDATE



“Our focus is building the capacity of Afghan institutions to withstand and diminish the threat posed by extremism, and to deliver high-impact economic assistance—especially in the agricultural sector—to create jobs, reduce the funding that the Taliban receives from poppy cultivation, and draw insurgents off the battlefield.”

—*Afghanistan and Pakistan Regional Stabilization Strategy*

Source: DoS, “Updated Afghanistan and Pakistan Regional Stabilization Strategy,” 2/24/2010.

## OVERVIEW

Section 3 presents a holistic view of Afghanistan during this reporting period. Updates on accomplishments, challenges, and local initiatives provide a broad context for the accomplishments and challenges facing reconstruction efforts. 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 2008 Afghanistan National Development Strategy. The Counter-Narcotics subsection focuses on a cross-cutting issue identified in that strategy.

## 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).

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 focuses on new initiatives: community-based security and reintegration.

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 an overview of progress in the areas of elections; public administration, justice, and prison reforms; anti-corruption efforts; and aspects of human rights, including gender equality and religious freedom.

The Economic and Social Development subsection focuses on reconstruction activities in areas ranging from agriculture and 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 discusses gemstone production as a potential source of economic growth for Afghanistan.

The Counter-Narcotics sub-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 development of capacity to conduct counter-narcotics work. This subsection discusses U.S. and Afghan joint efforts to combat the drug trade and the challenges impeding the success of those efforts. A quarterly highlight provides information about drug abuse in Afghanistan.

## **METHODOLOGY**

Section 3 was compiled using information and data from open sources and U.S. agencies. Except where SIGAR audits or investigations are specifically referenced, SIGAR has not verified 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.

## **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
- Office of Management and Budget
- 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:

- U.S. agencies represented in the data call
- International Security Assistance Force
- Government Accountability Office
- United Nations (and relevant branches)
- International Monetary Fund
- World Bank
- GIRoA ministries and other Afghan government organizations

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

## UNDERSTANDING THE GRAPHICS

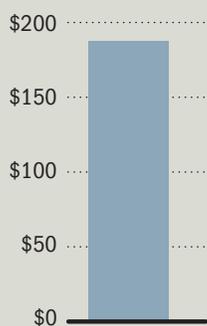
All figures and tables report data for this quarter, except where identified in titles or notes.

### BAR CHARTS

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



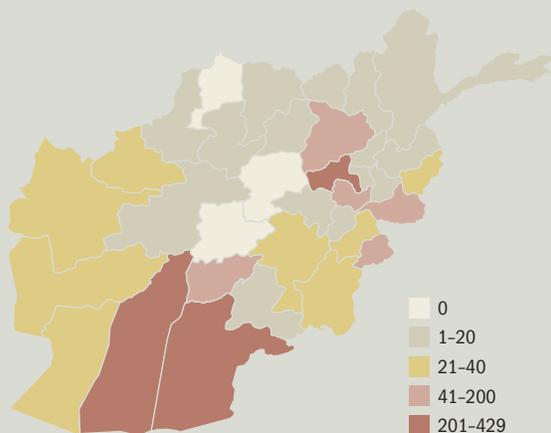
Bar chart with a break in scale



Bar chart without a break in scale

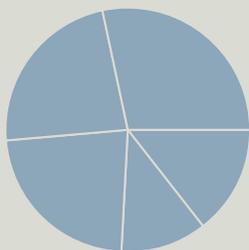
### HEAT MAPS

Heat maps assign colors to provinces, based on pertinent data. Each color represents a data set, defined in a legend; darker colors represent larger numbers, lighter colors show smaller numbers.

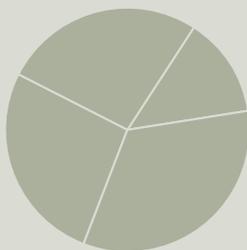


### DISTINGUISHING BILLIONS AND MILLIONS

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 green.



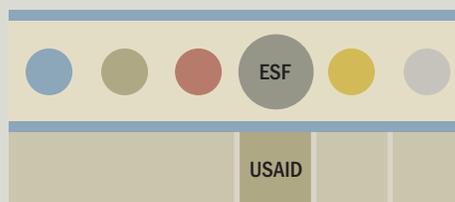
Pie Chart in Billions



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.





## STATUS OF FUNDS

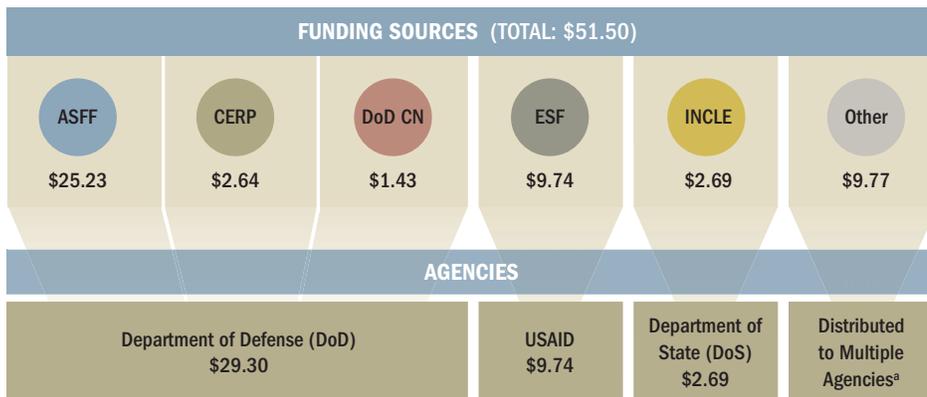
As of March 31, 2010, the United States had appropriated nearly \$51.50 billion for relief and reconstruction in Afghanistan since fiscal year (FY) 2002. This cumulative funding total is based on data reported by agencies and amounts appropriated in FY 2010, as shown in Appendix B. This total has been allocated as follows:

- nearly \$26.75 billion for security
- more than \$14.75 billion for governance and development
- nearly \$4.24 billion for counter-narcotics efforts
- nearly \$2.04 billion for humanitarian aid
- more than \$3.72 billion for oversight and operations

Figure 3.1 provides an overview of the major U.S. funds that contribute to these efforts. The cumulative appropriated funding as of March 31, 2010 (\$51.50 billion) is more than the previously reported cumulative funding as of December 31, 2009 (\$51.01 billion). This change resulted from updated agency-reported data.

FIGURE 3.1

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



Note: Numbers affected by rounding.

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

Sources: OMB, response to SIGAR data call, 4/19/2010; USAID, responses to SIGAR data call, 4/15/2010 and 10/9/2009; DoD, responses to SIGAR data call 4/14/2010, 4/13/2010, and 10/1/2009; DoS, responses to SIGAR data call, 4/9/2010 and 1/8/2010; FY 2010 DoD Appropriations Act Explanatory Statement; Treasury, response to SIGAR data call, 4/15/2010; DoJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009.

**ASFF:** Afghanistan Security Forces Fund

**CERP:** Commander's Emergency Response Program

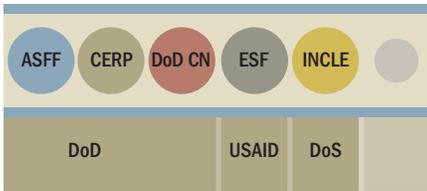
**DoD CN:** DoD Drug Interdiction and Counter-Drug Activities

**ESF:** Economic Support Fund

**INCLE:** International Narcotics Control and Law Enforcement

**Other:** Other Funding

# STATUS OF FUNDS



The amount provided by the five major U.S. funds represents approximately 81.0% (nearly \$41.72 billion) of reconstruction assistance in Afghanistan since FY 2002. Of this amount, approximately 79.0% (more than \$32.93 billion) has been obligated, and approximately 67.0% (more than \$27.94 billion) has been disbursed. The following pages provide additional details on these funds.

## U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of March 31, 2010, cumulative appropriations for relief and reconstruction in Afghanistan totaled nearly \$51.50 billion. This total can be divided into five major categories of reconstruction funding: security, governance and development, counter-narcotics, humanitarian, and oversight and operations. Updated agency data resulted in higher cumulative appropriation totals for FY 2009 and FY 2010. For complete information regarding U.S. appropriations, see Appendix B.

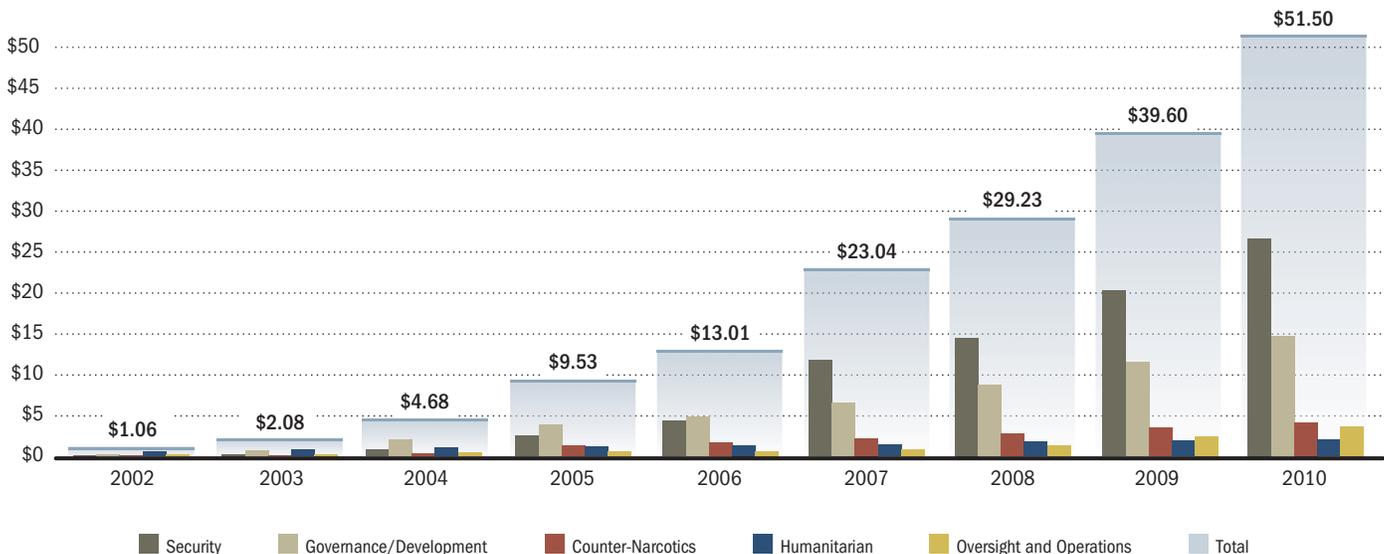
As shown in Figure 3.2, cumulative appropriations as of FY 2010 increased by approximately 30.0% over cumulative appropriations as of FY 2009, to nearly \$51.50 billion. Since FY 2002, security efforts have received the largest cumulative appropriations. Appropriations for security (nearly \$26.75 billion) account for more than 51.9% of total U.S. reconstruction assistance. In FY 2010, security had a large gain in cumulative appropriations over FY 2009 (more than 32.5%), followed by governance and development (more than 27.6%), and counter-narcotics (more than 20.8%).

As shown in Figure 3.3 on the facing page, appropriations for FY 2010 amounted to nearly \$11.89 billion, surpassing FY 2009 levels by almost 14.7%. This is the largest amount appropriated in a single year for the reconstruction effort.

FY 2010 appropriations for security increased by more than 17.0% over FY 2009 appropriations, to more than \$6.56 billion. Of the total appropriations for FY 2010, security initiatives accounted for more than 55.2%, followed by governance and development with nearly 26.9%. Appropriations in FY 2010 for security (more than \$6.56 billion) are the second-largest appropriations made in a single year; the largest (almost \$7.41 billion) occurred in FY 2007.

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF MARCH 31, 2010 (\$ BILLIONS)



Notes: Numbers affected by rounding. Updated data resulted in higher appropriations figures for FY 2009 and FY 2010 than those reported as of 12/31/2009.

Sources: OMB, response to SIGAR data call, 4/19/2010; USAID, responses to SIGAR data call, 4/15/2010 and 10/9/2009; DoD, responses to SIGAR data call 4/14/2010, 4/13/2010, and 10/1/2009; DoS, responses to SIGAR data call, 4/9/2010 and 1/8/2010; FY 2010 DoD Appropriations Act Explanatory Statement; Treasury, response to SIGAR data call, 4/15/2010; DoJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009.

# STATUS OF FUNDS

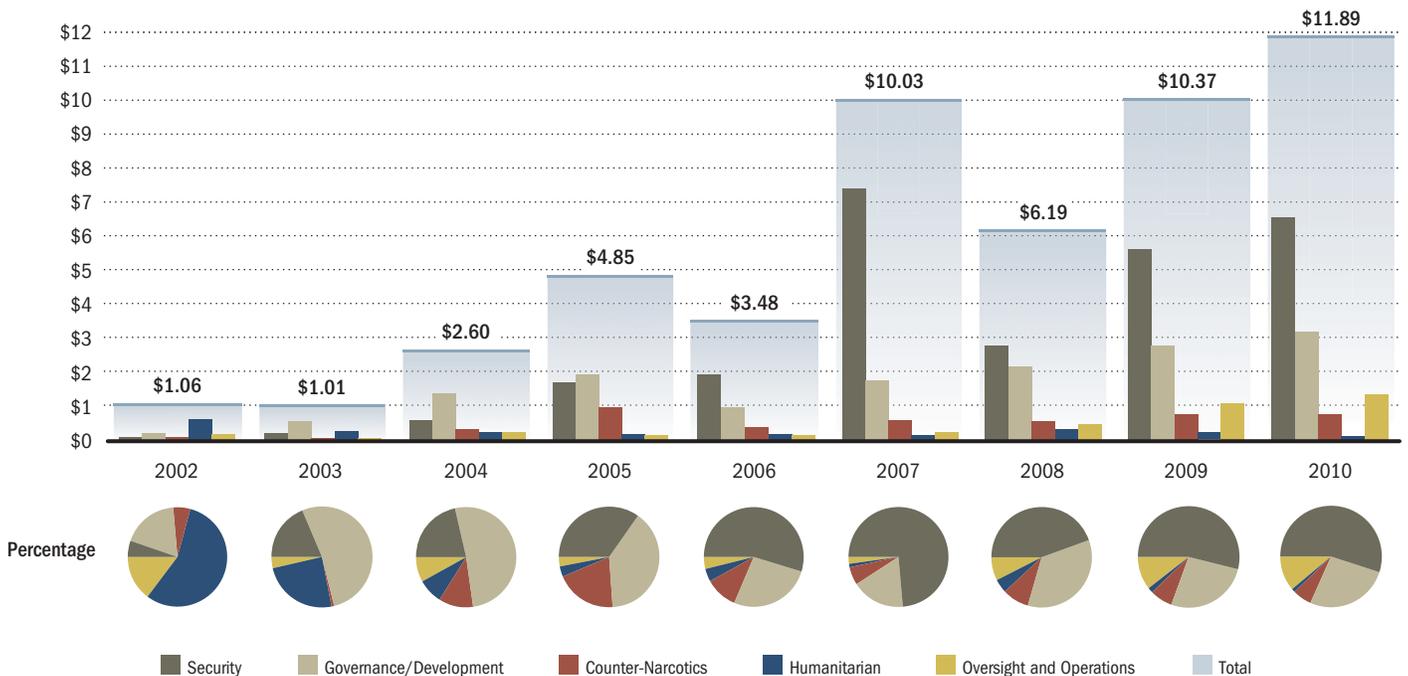
Figure 3.3 displays annual appropriations by funding category from FY 2002 to FY 2010. The bars show the dollar amounts appropriated, and the pie charts show the proportions of the total appropriated by category. These figures reflect amounts as reported by the respective agencies and amounts appropriated in the following legislation:

- the FY 2010 Department of Defense Appropriations Act (FY 2010 DoD Appropriations Act)
- the FY 2010 Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act (FY 2010 Consolidated Appropriations Act)

In previous quarterly reports, the cumulative comparison graphics for each fund depicted the amounts appropriated as reported by the pertinent agency. Last quarter, these graphics also depicted total appropriated funding for FY 2010 as reported by the Office of Management and Budget (OMB). This quarter, total amounts appropriated are reported as provided by OMB in those instances where agency data is unavailable or reported only as part-year amounts. To reflect this change, the representation of previously reported data has been adjusted in the cumulative comparison graphics on the following pages.

FIGURE 3.3

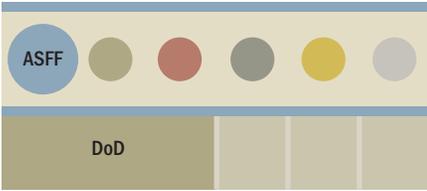
## APPROPRIATIONS BY FISCAL YEAR, AMOUNT, AND PERCENTAGE (\$ BILLIONS)



Notes: Numbers affected by rounding. Updated data resulted in higher appropriations figures for FY 2009 and FY 2010 than those reported as of 12/31/2009.

Sources: OMB, response to SIGAR data call, 4/19/2010; USAID, responses to SIGAR data call, 4/15/2010 and 10/9/2009; DoD, responses to SIGAR data call 4/14/2010, 4/13/2010, and 10/1/2009; DoS, responses to SIGAR data call, 4/9/2010 and 1/8/2010; FY 2010 DoD Appropriations Act Explanatory Statement; Treasury, response to SIGAR data call, 4/15/2010; DoJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009.

# STATUS OF FUNDS



## AFGHANISTAN SECURITY FORCES FUND

The NATO Training Mission - Afghanistan/Combined Security Transition Command - Afghanistan (NTM-A/CSTC-A) is the primary organization responsible for building the Afghan National Security Forces (ANSF).<sup>14</sup> Monies from the Afghanistan Security Forces Fund (ASFF) are used to provide the ANSF with equipment, supplies, services, and training, as well as facility and infrastructure repair, renovation, and construction.<sup>15</sup>

### 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, 4/13/2010.

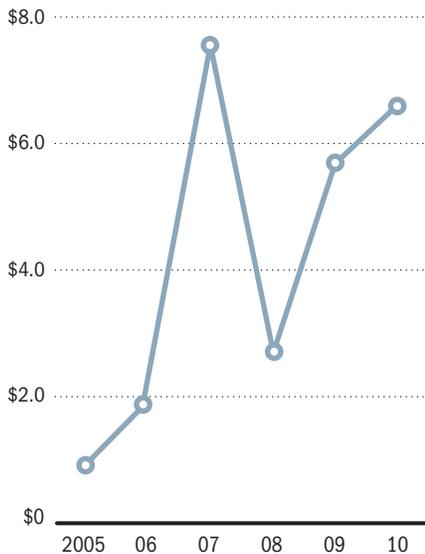
### Status of Funds

As of March 31, 2010, nearly \$25.23 billion (approximately 49.0% of total U.S. reconstruction assistance in Afghanistan) had been made available to DoD for building the ANSF. DoD reported that of this amount, almost \$20.27 billion had been obligated, of which more than \$18.42 billion had been disbursed. Figure 3.4 displays the amounts made available for the ASFF by fiscal year.<sup>16</sup>

DoD reported that cumulative obligations as of March 31, 2010, increased by nearly \$2.51 billion over cumulative obligations as of December 31, 2009. In addition, cumulative disbursements as of March 31, 2010, increased by more than \$0.87 billion over cumulative disbursements as of December 31, 2009. Figure 3.5 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.<sup>17</sup>

FIGURE 3.4

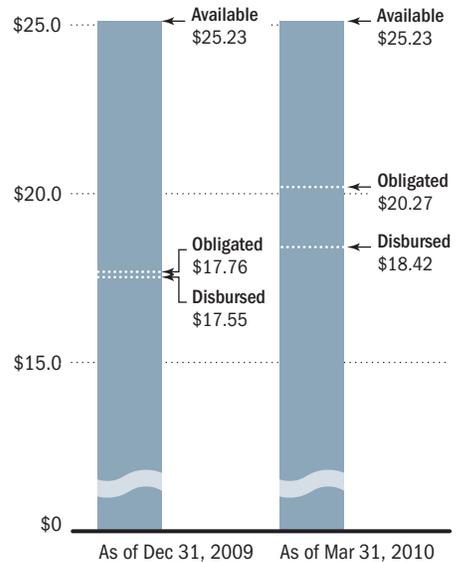
ASFF AVAILABLE FUNDS BY FISCAL YEAR  
(\$ BILLIONS)



Note: Numbers affected by rounding.  
Source: DoD, response to SIGAR data call, 4/13/2010.

FIGURE 3.5

ASFF FUNDS, CUMULATIVE COMPARISON  
(\$ BILLIONS)



Notes: Numbers affected by rounding. Amounts reported as provided by DoD.  
Source: DoD, response to SIGAR data call, 4/13/2010.

# 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 four **sub-activity groups**: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment.<sup>18</sup>

### Funding by Budget Activity Group

As of March 31, 2010, DoD had disbursed more than \$18.42 billion for ANSF initiatives. Of this amount, nearly \$12.05 billion was disbursed for the ANA, and almost \$6.30 billion for the ANP; the remaining \$0.07 billion was directed to other related activities.<sup>19</sup>

As shown in Figure 3.6, of the disbursed funds for the ANA, the largest portion (\$5.36 billion) supported Equipment and Transportation. Of the funds disbursed for the ANP, the largest portion (more than \$1.81 billion) supported Sustainment activities, as shown in Figure 3.7.<sup>20</sup>

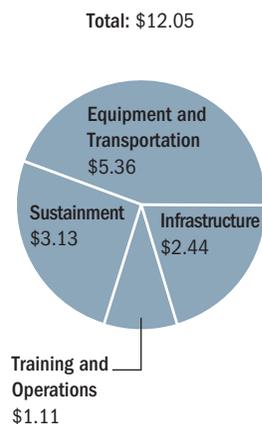
**Budget Activity Groups:** categories within each appropriation or fund account that identify the purposes, projects, or types of activities financed by the appropriation or fund

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

Sources: 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

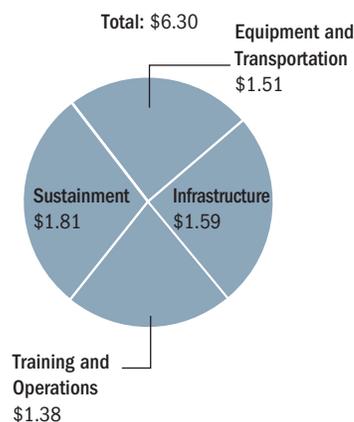
**ASFF DISBURSEMENTS FOR THE ANA**  
By Sub-Activity Group,  
FY 2005–March 2010 (\$ BILLIONS)



Notes: Numbers affected by rounding. Numbers are as of 3/31/2010.  
Source: DoD, response to SIGAR data call, 4/13/2010.

FIGURE 3.7

**ASFF DISBURSEMENTS FOR THE ANP**  
By Sub-Activity Group,  
FY 2005–March 2010 (\$ BILLIONS)



Notes: Numbers affected by rounding. Numbers are as of 3/31/2010.  
Source: DoD, response to SIGAR data call, 4/13/2010.



## CERP FUNDS TERMINOLOGY

OMB reported CERP funds as appropriated.

**Appropriations:** Total monies available for commitments

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

Sources: OMB, response to SIGAR data call, 4/19/2010; DoD, response to SIGAR data call, 4/14/2010.

**According to DoD, projects funded through CERP from January to March 2010 provided support to two major categories of recipients:**

- 16% to local nationals
- 84% to Afghan contractors

Source: DoD, response to SIGAR data call, 4/6/2010.

## 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 projects that are estimated to cost less than \$500,000 each. Projects with cost estimates exceeding \$1.00 million are permitted, but they require approval from the Commander of U.S. Central Command.<sup>21</sup>

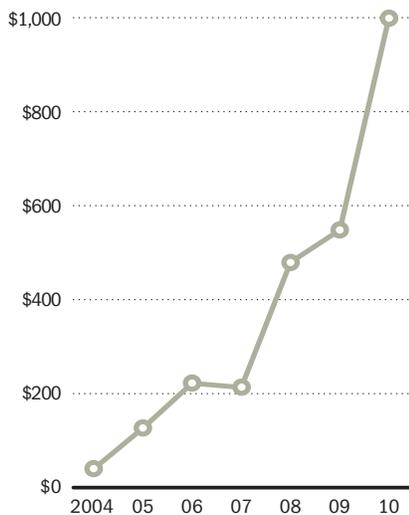
### Status of Funds

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 nearly \$2.64 billion—approximately 5.1% of total U.S. reconstruction assistance in Afghanistan.<sup>22</sup> As of March 31, 2010, DoD reported that of this amount, more than \$1.60 billion had been obligated, of which more than \$1.14 billion had been disbursed. Figure 3.8 shows CERP appropriations by fiscal year.<sup>23</sup>

DoD reported that cumulative obligations as of March 31, 2010, increased by more than \$11.37 million over cumulative obligations as of December 31, 2009. In addition, cumulative disbursements as of March 31, 2010, increased by nearly \$82.79 million over cumulative disbursements as of December 31, 2009. Figure 3.9 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.<sup>24</sup>

FIGURE 3.8

CERP APPROPRIATIONS BY FISCAL YEAR  
(\$ MILLIONS)

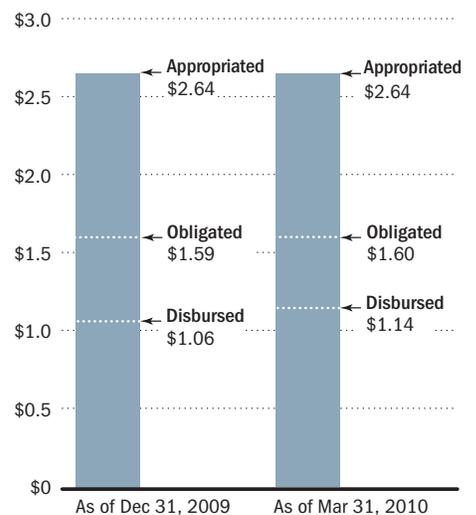


Notes: Data may include inter-agency transfers. Numbers affected by rounding.

Sources: OMB, response to SIGAR data call, 4/19/2010; DoD, responses to SIGAR data call 4/14/2010, 1/13/2010, and 10/14/2009.

FIGURE 3.9

CERP FUNDS, CUMULATIVE COMPARISON  
(\$ BILLIONS)



Note: Numbers affected by rounding. Amounts reported as provided by DoD and OMB.

Sources: OMB, response to SIGAR data call, 4/19/2010; DoD, responses to SIGAR data call, 4/14/2010, 1/13/2010, and 10/14/2009.

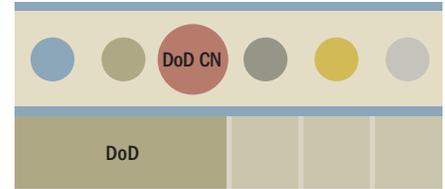
# STATUS OF FUNDS

## DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

DoD's Drug Interdiction and Counter-Drug Activities (DoD CN) fund supports DoD's efforts to stabilize Afghanistan by combating the drug trade and related activities. The DoD CN provides support to the counter-narcotics effort in the following ways:<sup>25</sup>

- supporting military operations against drug traffickers
- expanding Afghan interdiction operations
- building the capacity of Afghan law enforcement—including the Afghan Border Police—with specialized training, equipment, and facilities

As of March 31, 2010, nearly \$1.43 billion had been appropriated to DoD for counter-narcotics efforts in Afghanistan—almost 2.8% of total U.S. reconstruction assistance in the country. Figure 3.10 displays DoD CN appropriations by fiscal year. Of this amount, nearly \$1.40 billion (almost 98%) has been disbursed.<sup>26</sup> Figure 3.11 shows the cumulative amounts appropriated, obligated, and disbursed for DoD CN initiatives.



### DoD CN FUNDS TERMINOLOGY

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

**Appropriations:** Total monies available for commitments

**Obligations:** Commitments to pay monies

**Disbursements:** Monies that have been expended

Source: DoD, response to SIGAR data call, 4/13/2010.

FIGURE 3.10

DoD CN APPROPRIATIONS BY FISCAL YEAR (\$ MILLIONS)

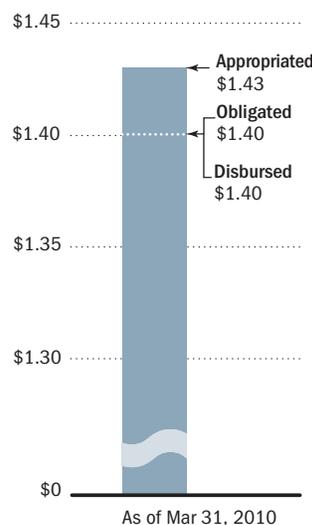


Notes: Data may include inter-agency transfers. Numbers affected by rounding.

Source: DoD, response to SIGAR data call, 4/13/2010.

FIGURE 3.11

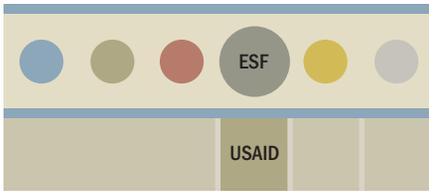
DoD CN FUNDS, CUMULATIVE (\$ BILLIONS)



Notes: Numbers affected by rounding. Amounts reported as provided by DoD. No quarterly comparison made because this is the first quarter for which data was provided. Obligation data was not provided; thus, obligations were assumed to equal disbursements.

Source: DoD, response to SIGAR data call, 4/13/2010.

# STATUS OF FUNDS



## ECONOMIC SUPPORT FUND

Economic Support Fund (ESF) programs advance U.S. interests by helping countries meet short-term 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.<sup>27</sup>

### ESF FUNDS TERMINOLOGY

OMB reported ESF funds as appropriated.

**Appropriations:** Total monies available for commitments

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

Sources: OMB, response to SIGAR data call, 4/19/2010; USAID, response to SIGAR data call, 4/15/2010.

Funds appropriated to ESF support a variety of recipients. Appropriations to each recipient category are as follows:

- 0.21% to local Afghan contractors
- 0.84% to GIRoA ministries
- 1.95% to non-U.S. and non-Afghan contractors
- 26.20% to international organizations
- 69.56% to domestic U.S. contractors
- 1.24% to the U.S. government

Source: USAID, response to SIGAR data call, 4/6/2010.

### 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—more than 18.9% of total U.S. assistance to the reconstruction effort.<sup>28</sup> As of March 31, 2010, USAID reported that of this amount, more than \$7.57 billion had been obligated, of which more than \$5.39 billion had been disbursed.<sup>29</sup> Figure 3.12 displays ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of March 31, 2010, increased by more than \$36.81 million over cumulative obligations as of December 31, 2009. In addition, cumulative disbursements as of March 31, 2010, increased by nearly \$419.65 million over cumulative disbursements as of December 31, 2009.<sup>30</sup>

Figure 3.13 provides a cumulative comparison of the amount of ESF funds appropriated, obligated, and disbursed.

FIGURE 3.12

ESF APPROPRIATIONS BY FISCAL YEAR  
(\$ BILLIONS)

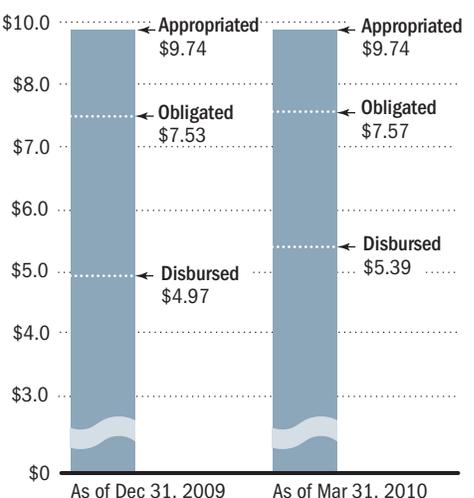


Notes: Data may include inter-agency transfers. Numbers affected by rounding.

Sources: OMB, response to SIGAR data call, 4/19/2010; USAID, responses to SIGAR data call, 4/15/2010 and 10/9/2009.

FIGURE 3.13

ESF FUNDS, CUMULATIVE COMPARISON  
(\$ BILLIONS)



Notes: Data may include inter-agency transfers. Numbers affected by rounding. Amounts reported as provided by USAID and OMB.

Sources: OMB, response to SIGAR data call, 4/19/2010; USAID, responses to SIGAR data call, 4/15/2010, 1/15/2010, and 10/9/2009.

## INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

The U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL) manages an account for advancing rule of law and combating narcotics production and trafficking—the International Narcotics Control and Law Enforcement (INCLE) account. INCLE supports several INL program groups, including police, counter-narcotics, and rule of law and justice.<sup>31</sup>

### Status of Funds

The FY 2010 Consolidated Appropriations Act provides \$0.42 billion for INCLE activities in Afghanistan. This brings the cumulative total funding for INCLE-supported activities in the country to nearly \$2.69 billion—more than 5.2% of total U.S. reconstruction assistance in the country.<sup>32</sup> As of March 31, 2010, INL reported that more than \$2.09 billion has been obligated, of which almost \$1.59 billion has been liquidated.<sup>33</sup> Figure 3.14 displays INCLE allotments by fiscal year.

INL reported that cumulative obligations as of March 31, 2010, increased by nearly \$69.92 million over cumulative obligations as of December 31, 2009.<sup>34</sup> Figure 3.15 provides a cumulative comparison of the amount of INCLE funds allotted, obligated, and liquidated.

FIGURE 3.14

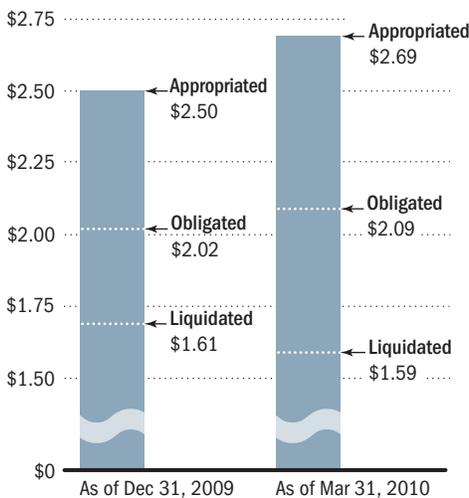
**INCLE ALLOTMENTS BY FISCAL YEAR**  
(\$ MILLIONS)



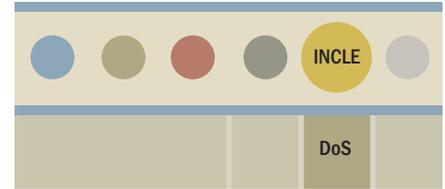
Notes: Data may include inter-agency transfers. Numbers affected by rounding. FY 2010 figure is an appropriation, not an allotment. Updated data from DoS resulted in a higher FY 2009 appropriation figure than reported as of 12/31/2009.  
Sources: OMB, response to SIGAR data call, 4/19/2010; DoS, responses to SIGAR data call, 4/9/2010 and 1/8/2010.

FIGURE 3.15

**INCLE FUNDS, CUMULATIVE COMPARISON**  
(\$ BILLIONS)



Notes: Data may include inter-agency transfers. Numbers affected by rounding. Amounts reported as provided by INL and OMB. Updated data from DoS resulted in a lower liquidation figure than that reported as of 12/31/2009.  
Sources: OMB, response to SIGAR data call, 4/19/2010; DoS, responses to SIGAR data call, 4/9/2010 and 1/8/2010.



### INL FUNDS TERMINOLOGY

OMB reported INL funds as appropriated.

**Appropriations:** Total monies available for commitments

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

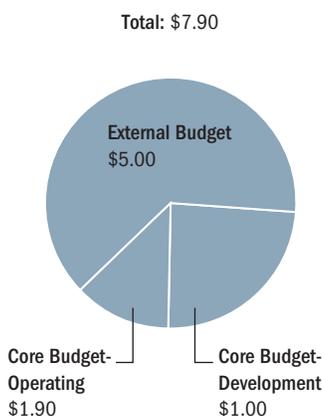
Sources: OMB, response to SIGAR data call, 4/19/2010; DoS, response to SIGAR data call, 4/9/2010.

## GIROA RECONSTRUCTION FUNDING

In addition to the international donations to the Government of the Islamic Republic of Afghanistan (GIROA) for reconstruction efforts, the GIROA also provides funding for this purpose. The Ministry of Finance (MoF) manages and executes the budget, which includes Afghan funds for reconstruction efforts. The MoF is also accountable for international funds that are routed through government ministries.<sup>35</sup>

FIGURE 3.16

GIROA BUDGET, 2009–2010 (\$ BILLIONS)



Note: Numbers affected by rounding. Budget data corresponds to the budget for solar year 1388 (3/21/2009–3/20/2010).

Source: Treasury, response to SIGAR data call, 4/12/2010.

## Domestic Budget and Budget Execution

Treasury reported that the GIROA's budget for solar year 1388 (March 21, 2009, to March 20, 2010) was an estimated \$7.9 billion. The budget is broken into two major categories: the \$2.9 billion core budget and the \$5 billion external budget.<sup>36</sup> Figure 3.16 displays a breakdown of budget amounts by category.

### 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 (\$1.9 billion) and the development budget (\$1.0 billion).<sup>37</sup>

The budget for operating expenses currently amounts to \$1.9 billion, as reported by Treasury. The GIROA currently disburses approximately 90% of its operating budget on time.<sup>38</sup> According to Treasury, the development budget is \$1.0 billion. Disbursement rates for the development budget are significantly lower than for the operating budget. Treasury reports that the GIROA currently executes only 40% of the development budget in a timely manner.<sup>39</sup>

### External Budget

The external budget is funded entirely by international donors from a variety of mechanisms. Currently, the total external budget stands at approximately \$5.0 billion. Treasury reported that execution rates are not available for the external budget because it is not an actual budget managed by a single authority.<sup>40</sup>

## INTERNATIONAL CONTRIBUTIONS TO RECONSTRUCTION

Many international donors use trust funds to provide assistance to Afghanistan.<sup>41</sup> Trust fund resources are used to finance both operating and development costs of the GIROA. To date, the ARTF is the largest source of pooled funding.<sup>42</sup>

### Contributions to the Afghanistan Reconstruction Trust Fund

The World Bank reported that international donors pledged more than \$707 million to the ARTF from December 21, 2009, to January 20, 2010. Donors have paid \$631 million of the total pledged amount.<sup>43</sup> Figure 3.17 displays the amounts that donors have contributed and paid in.

The World Bank reported that from 2002 to February 19, 2010, more than \$3.6 billion has been contributed to the ARTF by 32 donors. Contributions are made through two funding mechanisms—the Recurrent Cost (RC) Window and

# STATUS OF FUNDS

the Investment Window. A total of \$1.9 billion has been disbursed through the RC Window, which helps sustain the operations of the GIRoA. This is necessary because the GIRoA's revenues are insufficient, as reported by the World Bank. Commitments made through the Investment Window, which supports the development budget, have increased significantly over the past two years. As of February 19, 2010, disbursement rates for commitments through the Investment Window reached 75%, the World Bank reported. The ARTF funds 19 active projects. The total commitment value is \$986 million; of this amount, \$742 million has been disbursed as of February 19, 2010.<sup>44</sup>

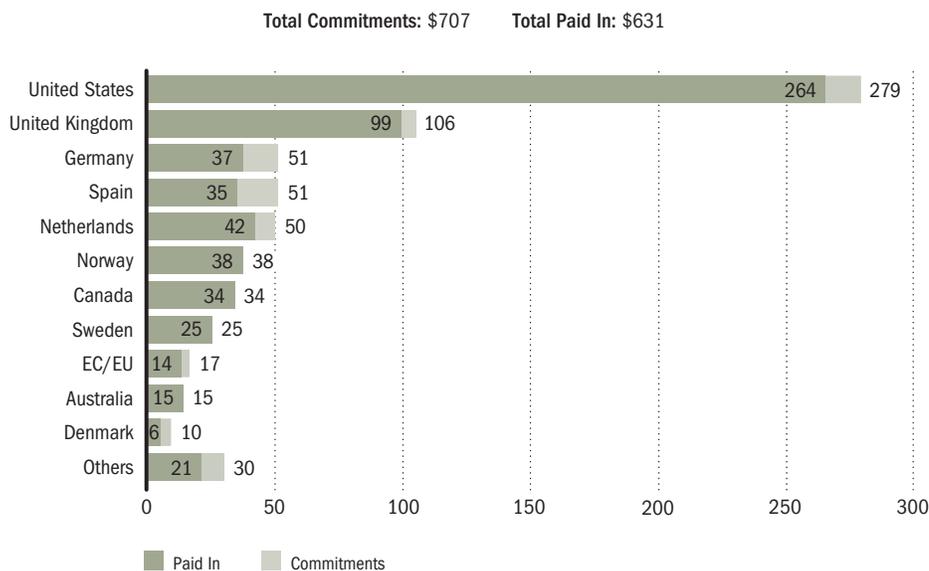
Recognizing the responsibility of the GIRoA to provide for the well-being of its people, donors agreed at the London conference that allocations from the ARTF will follow a clear GIRoA strategy. The estimated financing envelope for 2010–2013 will be approximately \$2.6 billion—a 32% increase in available funds over the past three years.<sup>45</sup>

## DOMESTIC REVENUE

According to the IMF, the GIRoA planned to increase domestic revenue collection in 2009–2010 to approximately 8.1% of GDP. This compares favorably with revenue collections averaging approximately 6.9% of GDP over the past two years. According to Treasury, there has been a shift in sources for domestic revenue collection. In 2003–2004, 54% of GIRoA revenue came from customs fees; by 2009–2010, that share had declined to 34%, while 46% of total domestic revenue came from direct taxes on corporations, income, and capital gains. The remaining 20% came from non-tax levies, such as mining royalties, licensing, and aviation fees.<sup>46</sup>

FIGURE 3.17

ARTF CONTRIBUTIONS FOR 2010, AS OF JANUARY 20, 2010 (\$ MILLIONS)



Notes: Numbers affected by rounding. EC/EU = European Commission/European Union. Data provided by the World Bank revealed lower commitment figures for Canada and Australia than those reported as of 12/21/2009.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of January 20, 2010," p. 1.



## SECURITY

This quarter, the security situation in Afghanistan continued to deteriorate, according to the Secretary-General of the United Nations (UN).<sup>47</sup> The International Security Assistance Force Joint Command (IJC) reported a greater number of attacks than what was reported last quarter.<sup>48</sup> The Secretary-General reported that the number of security incidents in January 2010 was 40% higher than in January 2009. He attributed the rise in security incidents largely to the increased number of international troops on the ground and the relatively mild weather conditions for this time of year in several areas. Most security incidents this quarter involved armed exchanges and improvised explosive devices (IEDs).<sup>49</sup>

According to the Afghan National Police Strategy, produced by the Ministry of Interior (MoI) and released in March 2010, Afghanistan faces five major security threats:<sup>50</sup>

- the externally supported terrorist threat and armed opposition to the government
- unlawful governance and corruption
- the illegal drug trade
- organized crime
- illegal armed groups

Suicide attacks decreased at the end of 2009. The UN Secretary-General attributed this decrease to reinforced security in major cities.<sup>51</sup> Despite this, many areas remain vulnerable, restricting the progress of reconstruction and development. Attacks against international aid organizations have limited the ability of these organizations to deliver development assistance in many areas. Nearly half of Afghanistan's 364 districts pose security risks: 94 are considered "very high" risk, and 81 are considered "high" risk. The ability of civil servants to move freely has decreased in 39 districts from over a year ago.<sup>52</sup>

To reduce the security risk, the United States and the international community are working to develop the Afghan National Security Forces (ANSF) to be able to provide internal and external security consistent with the counter-insurgency (COIN) effort. According to DoD, the COIN strategy comprises four sequential phases—**shape**, **clear**, **hold**, and **build**.<sup>53</sup>

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**Shape:** information gathering; intelligence, surveillance, and reconnaissance; and disruption activities to prepare for future operations. The Afghan National Army (ANA) is the lead; the Afghan National Police (ANP) offers intelligence information to support ANA efforts.

**Clear:** tactical operations designed to secure a population center while denying insurgent activity and influence. Insurgents are expelled, detained, or eliminated. The ANA is the lead; the Afghan National Civil Order Police (ANCOP) can provide support.

**Hold:** assigning sufficient personnel to conduct defensive operations to prevent the return of insurgents, defeat remaining enemy forces, and protect the population. In high-threat areas, the ANCOP or Afghan Border Police (ABP) is the lead. In medium- to low-threat areas, the Afghan Uniform Police and ABP are the lead.

**Build:** carrying out programs designed to remove the root causes of insurgency, improve the lives of inhabitants, and support the provision of effective governance. The ANP is the lead for maintaining security.

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Source: MoI, "Afghan National Police Strategy," 3/2010, pp. 31–33.

## SECURITY GOALS

At the London conference in January 2010, participants discussed updated end-strength goals for the Afghan National Army (ANA) and Afghan National Police (ANP). The eventual end strength of the ANA has been set at 171,600 by October 2011; for the ANP, it has been set at 134,000 by October 2011, according to the NATO Training Mission - Afghanistan/Combined Security Transition Command - Afghanistan (NTM-A/CSTC-A). The 2010 and 2011 targets are shown in Table 3.1.<sup>54</sup> Also at the conference, participants agreed to develop a plan for phased, province-by-province transition from coalition force control to Afghan-led security starting in late 2010 or early 2011. The Government of the Islamic Republic of Afghanistan (GIROA) committed to devising and implementing a national security policy that will outline the security infrastructure and the roles and responsibilities of the security agencies. This policy will be presented at the Kabul conference later this year.<sup>55</sup>

Table 3.1 also shows the progress against security goals. The ANA has made the greatest progress toward its target since last quarter, with a 12.6% increase in troops.<sup>56</sup>

## SECURITY UPDATE

From December 28, 2009, to March 31, 2010, the IJC recorded 4,490 attacks on the ANSF, coalition forces, and civilians: 2,653 direct attacks, 453 indirect attacks, 1,021 IED attacks, and 363 complex attacks. The number of attacks this quarter is greater than the number reported last quarter.<sup>57</sup> More than half of the 2,653 direct attacks this quarter were in Helmand.<sup>58</sup>

TABLE 3.1

STRATEGIC PRIORITIES FOR SECURITY				
Priority	ANDS Target	Target	Status	ANDS Completion Date
Afghan National Army	80,000 troops (plus 6,600 in training)	134,000 troops (by 10/2010) 171,600 troops (by 10/2011)	112,779 troops (as of 3/20/2010)	End of 2010
Afghan National Police	82,180 police officers	109,000 police officers (by 10/2010) 134,000 police officers (by 10/2011)	99,577 police officers (as of 2/21/2010)	End of 2010
Disarmament of Illegal Armed Groups	All illegal armed groups disbanded in all provinces		95 of 140 DIAG-targeted districts declared compliant	3/20/2011
Removing Unexploded Ordnance	Land area contaminated by mines and unexploded ordnance reduced by 70%	90% of all known areas contaminated by mines or explosive remnants of war cleared	UN: Land area contaminated by mines and unexploded ordnance reduced by 39%	End of 2010
				2012
			DoS: 665 million square meters of contaminated land remain	2013
Counter-Narcotics	Areas under poppy cultivation reduced by half compared with 2007 levels		Areas under poppy cultivation reduced by 36% compared with 2007 levels	2013

Notes: Numbers affected by rounding. Number of DIAG-targeted districts has increased from 132 to 140. For more detail on the counter-narcotics metric, see the "Counter-Narcotics" section. Priorities were originally based on Afghan National Development Strategy (ANDS) targets.

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

Helmand also experienced the largest security operation of the quarter. In February, the ANA and the International Security Assistance Force (ISAF) launched Operation **Moshtarak**, an offensive involving approximately 15,000 troops, against a known Taliban stronghold in Marjah.<sup>59</sup> Operation Moshtarak is an Afghan-led initiative to assert government authority in the center of Helmand and conduct COIN operations at the request of the GIRoA and the Helmand provincial government.<sup>60</sup> The ANA played the lead role in planning and executing this operation, utilizing three brigades of the 205th Corps with support from coalition forces.<sup>61</sup>

In another joint effort this quarter, the ANSF and coalition forces, including Pakistani forces, continued to operate Border Coordination Centers (BCCs). The purpose of BCCs is to improve communications among Afghan, coalition, and Pakistani forces and to reduce tensions along the border. According to ISAF, activities include surveillance, intelligence, force disposition, and movement to coordinate operations between the GIRoA, ISAF, and neighboring countries.<sup>62</sup>

The BCCs are on existing forward operating bases. Currently, two BCCs are operating at Torkham Gate and Spin Boldak; two others, at Lwara and Nawa Pass, began operations on April 1, 2010. Two other BCCs, in Pakistan, are under evaluation. They will be developed over the next year and will operate under the command and control of the Office of Defense Cooperation, Pakistan. Each BCC is supported by eight U.S. military troops, led by a U.S. colonel or lieutenant colonel. About six Afghan or Pakistani liaison officers serve at each BCC, but the number can vary. These officers come from the ANA and the Afghan Border Police (ABP) or from the Pakistani military and the Pakistan Frontier Scouts.<sup>63</sup>

## Civilian Casualties

The IJC reported that from December 28, 2009, to March 31, 2010, there were 1,716 civilian casualties—1,694 of whom were Afghans. During this period, 737 civilians were killed, and 979 were wounded. This is a significant increase from the 903 civilian casualties reported last quarter. Of the total casualties during this period, 68% were civilians. The largest numbers of civilian casualties were in Helmand, Kandahar, and Parwan, as shown in Figure 3.18.<sup>64</sup>

## ANSF CAPABILITIES ASSESSMENTS

In previous quarterly reports, SIGAR has included summaries of ANSF Capability Milestone (CM) ratings, as provided by U.S. Central Command (CENTCOM). The CM rating system, which has been the primary metric used to monitor development progress in fielded ANSF units, was developed by CSTC-A in 2005.<sup>65</sup> In October 2009, SIGAR initiated an audit of ANSF capability assessments, including an examination of the effectiveness of the CM rating system. SIGAR's audit, the first to evaluate these ratings, is scheduled for publication next quarter. While conducting this audit, SIGAR identified concerns in five main areas:

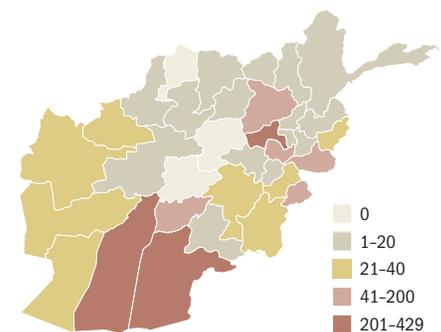
- overall reliability of the CM rating system
- measurement and validation

### Moshtarak: Dari for "together"

Source: ISAF, press release, "Operation Moshtarak," 2/13/2010.

FIGURE 3.18

### CIVILIAN CASUALTIES BY PROVINCE



Note: Casualties reported from 12/28/2009 to 3/31/2010. Source: NTM-A/CSTC-A, response to SIGAR data call, 4/1/2010.

- analysis and reporting
- challenges facing assessment efforts
- systemic ANSF deficiencies undermining efforts to develop unit capabilities

According to CENTCOM, the CM rating system is being modified. The latest “Report on Progress toward Security and Stability in Afghanistan” from the U.S. Department of Defense (DoD) cautioned, “The correlation between CM ratings and operational capability to complete assigned missions is tenuous, and thus attempting to draw the conclusion that a CM rating is an indicator of the capacity for success in operations can be misleading.”<sup>66</sup> Regarding ANP assessments, DoD added, “The CM system does not effectively measure the quality of performance of the ANP. This is a significant risk and will be revisited over the coming year.”<sup>67</sup>

Because of SIGAR’s concerns about the CM rating system and because that system is currently being revised, this quarterly report does not include updated CM metrics. For more information, see Sections 1 and 2.

## AFGHAN NATIONAL ARMY

As of March 20, 2010, the ANA troop strength was 112,779, according to NTM-A/CSTC-A. This is an increase of 12,648 from the 100,131 ANA troops on December 20, 2009. The ANA’s target is to grow to 134,000 troops by October 2010 and to 171,600 by October 2011, as approved by the Joint Coordination Monitoring Board.<sup>68</sup> The ANA is slightly behind in reaching its growth target, according to the UN Secretary-General, but two changes—pay raises previously implemented and improved retention—should improve progress toward the target.<sup>69</sup>

To improve payment delivery, the ANA is expanding its mobile-banking pay system, whereby it can pay troops directly. According to DoS, this pay system will be fully implemented no later than December 2010.<sup>70</sup>

Although corruption in the ANA contributes to negative public opinion, the public perception of the ANA has been generally positive, according to the UN Secretary-General. This positive view is attributed to more effective training, a higher degree of internal discipline, and better equipment.<sup>71</sup>

## ANA Training

From January 1 to March 19, 2010, ANA training organizations graduated 23,172 soldiers, an 84% increase from the preceding quarter. Most graduated from the Kabul Military Training Center, as shown in Figure 3.19. Other training in this quarter included explosive ordnance disposal, counter-insurgency, logistics, and command and staff training.<sup>72</sup> The ANA troops are also given training on gender-related issues. According to DoS, most of the ANA will have completed the gender-related training by December 2010.<sup>73</sup>

During this quarter, the Afghan Minister of Defense and the Commander of NTM-A/CSTC-A broke ground on a new training center for the ANA that will house the Afghan Defense University (ADU) and serve as the new site of the National Military Academy of Afghanistan. Modeled after the U.S. Military Academy at West

Point, the National Military Academy is a four-year school designed to produce officers for the ANA and the Afghan National Army Air Corp (ANAAC).<sup>74</sup>

The ANAAC is making progress in its training, according to ISAF. Since its inception in October 2009, the Kandahar Air Wing has grown to 572 personnel, including experienced pilots, trainee pilots, engineers, and logistics and administrative staff. The Air Wing currently operates 4 Mi-17 transport helicopters and is planning to operate 14 of them by 2011. Over the past two years, 26 Afghan pilots and 1 ground crewman were trained in England by U.K. tri-Service personnel from the Joint Helicopter Command. These pilots have continued to train in Afghan airspace.<sup>75</sup>

The ANAAC is putting special emphasis on literacy in its training, according to NTM-A. Training includes a three-month course at the ANAAC Pohantoon-e-Hawayee (“Big Air School”), formerly the Kabul Air Corps Training Center. Approved by the Ministry of Education, the course is designed to bring students to a basic level in language and mathematics. It includes two Dari literacy modules taught by Afghans.<sup>76</sup>

During this quarter, ANA graduates were assigned to 1 of 23 units; more graduates were assigned to the 215<sup>th</sup> Corps than to any other unit. Other unit assignments this quarter included ANA Training Command; Acquisition, Technology, and Logistics; ANA Recruiting Command; Air Corps; Headquarter Support Supply Brigade; and Military Police Brigade.<sup>77</sup> Personnel management, or the placing of units, is a challenge in the ANA, according to DoD. A major improvement this quarter was the implementation of an assignment system at the National Military Academy in February 2010. The system places graduates more effectively by eliminating graduates’ ability to influence their regional placement and assigning them to regions based on operational need.<sup>78</sup>

**In addition to combat operations, ANAAC helicopters are used for humanitarian missions. Helicopters were used to rescue 30 people in a torrential flood in March 2010.**

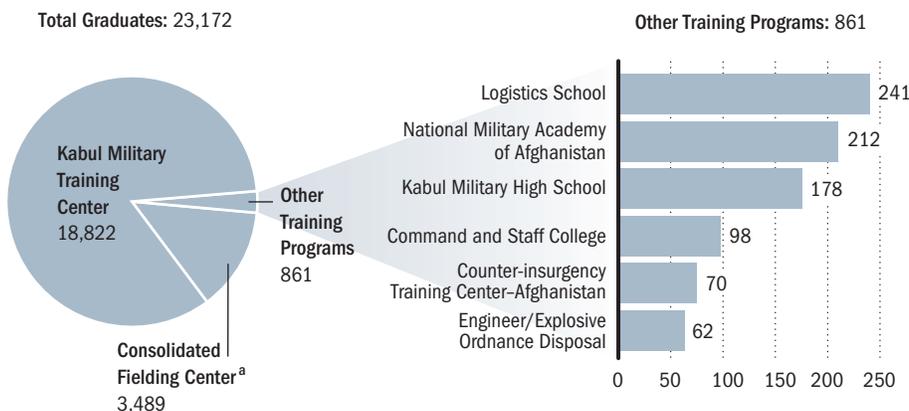
Source: ISAF, press release, “Afghan Helicopter Force Takes Off,” 4/8/2010.



**Eleven graduating Afghan military cadets receive their assignments.** Improvements have been made so that graduates are assigned on the basis of operational needs. (NTM-A/CSTC-A photo)

FIGURE 3.19

## ANA TRAINING GRADUATES BY PROGRAM



a. At the Consolidated Fielding Center, units form, equip, and conduct initial collective training.

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

Each ANA graduate is also designated a specialty. This quarter, 12,226 troops were assigned specialties; of those 1,531 were non-commissioned officers and 950 were officers.<sup>79</sup> The specialty with the most ANA graduates was infantry, as shown in Figure 3.20.

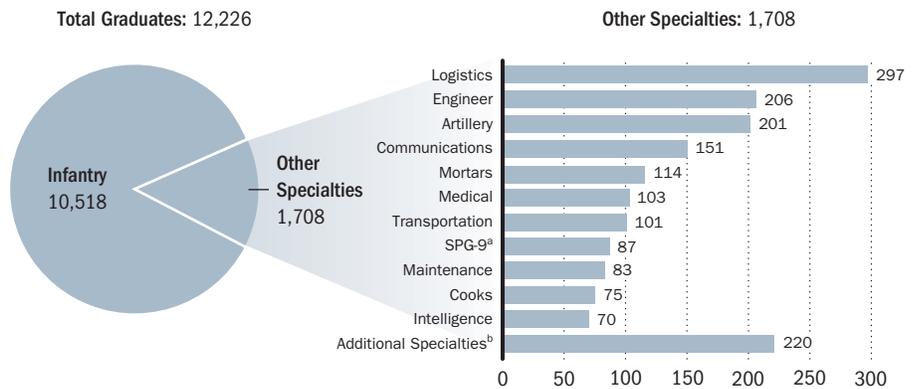
## ANA Infrastructure

According to NTM-A/CSTC-A, 2 ANA infrastructure projects worth \$15.4 million in total were completed in the period from January 1 to March 31, 2010, compared with 11 projects valued at \$160.6 million during the quarter ending December 31, 2009. This quarter, two contracts worth a total of \$66.6 million were awarded; last quarter, no contracts were awarded.<sup>80</sup>

In another infrastructure project, the construction of the ADU is estimated to cost \$200 million, according to ISAF. Completion of the first phase, which broke ground in April 2010, is estimated for June 2011. Construction in the first phase will consist of the headquarters, classrooms, dining facility, library, medical clinic, and post exchange; construction in the second phase, still in the design stage, will consist of the non-commissioned officer school, the Air War College, and the Command and Staff College.<sup>81</sup>

FIGURE 3.20

### ANA TRAINING GRADUATES BY SPECIALTY



Note: Graduates listed for specialties are a combination of officers, NCOs, and soldiers.

a. A tripod-mounted weapon.

b. Includes Aviation, Armor, Humvee, Jahedi/Undefined MOS, Finance/Legal, Fortification, Politics, Security/Military Police, Air Defense, Music, and Topography.

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

## ANA Equipment

From January 1 to March 31, 2010, the ANA fielded 1,890 radios, 1,512 vehicles, and 19,861 weapons, according to NTM-A/CSTC-A (see Figure 3.21). More M16A4 rifles were fielded than any other weapon. There were changes in equipment planning and procurement this quarter. The largest increase in equipment planned was the number of weapons—almost three times more than last quarter. The largest decrease in equipment procured was the number of radios, 13,778 fewer than last quarter. During this quarter, the ANAAC added 5 Mi-17 helicopters, 1 C-27 transport, and 1 L-39 jet. The ANAAC now has the following inventory:<sup>82</sup>

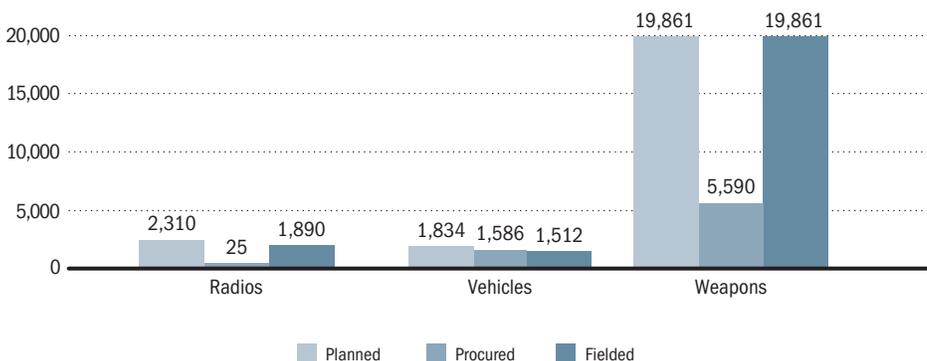
- 25 Mi-17 and 9 Mi-35 helicopters
- 1 An-26, 5 An-32, and 3 C-27 transports
- 3 L-39 jets

The Central Workshop in Kabul is the national maintenance depot for all weapons, vehicles, and communications equipment for the ANA. To improve its support capability, the workshop will be upgraded with \$13.7 million worth of improvements. Renovations will continue through this year, according to NTM-A/CSTC-A.<sup>83</sup> To help the ANA become more self-sufficient in communications, troops learn how to repair equipment. At the Central Workshop, students are given step-by-step instruction in using various radio gauging and test equipment. Some of these trained troops become trainers themselves.<sup>84</sup> Programs to assist with building radio and communications knowledge cover the fundamentals of antenna theory and troubleshooting, as well as using spectrum analyzers, signal generators, and oscilloscopes—all important tools in radio maintenance.<sup>85</sup>

Coalition forces are also encouraging Afghan self-sufficiency through changes to equipment procurement. One goal, according to ISAF, is to source some ANA equipment from Afghan businesses. For example, an equipment contract review showed that six contracts for boots required that the boots be imported. In the future, U.S. and NATO forces plan to acquire all boots from Afghan sources.<sup>86</sup>

FIGURE 3.21

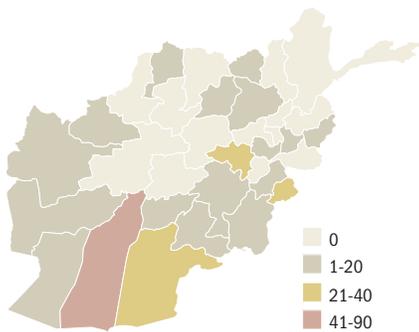
### ANA EQUIPMENT



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

FIGURE 3.22

## ANA CASUALTIES BY PROVINCE



Note: Casualties reported from 12/28/2009 to 3/31/2010.  
Source: NTM-A/CSTC-A, response to SIGAR data call, 4/1/2010.

## ANA Casualties

From December 28, 2009, to March 31, 2010, the ANA suffered 324 casualties, according to the IJC: 234 soldiers were wounded in action, and 90 were killed in action. Casualties this quarter were 36% higher than casualties reported last quarter. Figure 3.22 shows that the greatest number of casualties occurred in Helmand—the site of the largest security operation this quarter.<sup>87</sup>

## AFGHAN NATIONAL POLICE

At the January 20, 2010 meeting of the Joint Coordination Monitoring Board, the MoI presented the Afghan National Police Strategy. The strategy states that the ANP are active throughout the country. Of Afghanistan’s 34 provinces, 18 are considered low-threat provinces with minimal terrorist activity; 6 are considered medium-threat with some terrorist activity, manageable by local ANP troops; and 10 are high-threat, where combat activities against terrorist forces occur daily.<sup>88</sup> The strategy divided the ANP into six categories, listed in Table 3.2. The strategy also laid out seven priorities for the ANP.<sup>89</sup>

- Gain the confidence of the public.
- Protect Afghan national interests.
- Eliminate corruption.
- Improve police capabilities—including leadership; command, control, and communication; training; and equipment and weapons—to counter specific threats.
- Reform and grow the ANP Tashkil (staffing plan) to improve the quality and quantity of the service provided by the police.
- Improve morale and quality of life for police personnel.
- Implement intelligence-led policing.

TABLE 3.2

ANP CATEGORIES AND ROLES		
ANP Category	Abbreviation	Role
Afghan Uniform Police	AUP	Serves as the civilian force and consists of ANP regional zones, traffic police, and the fire and rescue department. Responsibilities include maintaining rule of law, responding to emergencies, maintaining public safety, and fighting crime.
Afghan National Civil Order Police	ANCOP	Serves as the gendarmerie force, leading counter-insurgency operations in coordination with the ANA and the ABP, and works to maintain civil order.
Afghan Border Police	ABP	Safeguards the national borders and monitors the border security zone, which extends 50 km into Afghanistan; controls entry and exit of individuals at the border and prevents smuggling; and secures airports.
Afghan Anti-Crime Police	AACP	Assists in investigative and intelligence capacities regarding counter-terrorism, counter-narcotics, criminal investigation, forensics, and major crimes. Provides specialized skills to the rest of the ANP.
Afghan Public Protection Force	APPF	Protects key infrastructure, facilities, construction projects, and personnel, with a special focus on protection from the insurgency.
Enabling Forces		Includes medical, logistical, administrative, recruitment, training and education, and headquarters.

Source: MoI, “Afghan National Police Strategy,” 3/2010, pp. 22–29.

In addition to better defining its strategy, the ANP added more personnel, improved its number of trained personnel, and assisted significantly with Operation Moshtarak from January 1 to March 31, 2010, according to IJC. As of February 21, 2010, the ANP had 99,577 personnel, according to NTM-A/CSTC-A—an increase of 4,619 from the 94,958 personnel on December 31, 2009. The target personnel strength is 109,000 by October 2010 and 134,000 by October 2011, as approved by the Joint Coordination Monitoring Board in January 2010.<sup>90</sup>

The MoI has made improvements in tracking the number of personnel serving in the ANP. The Personnel Asset Inventory, described in SIGAR's last quarterly report, has made progress—nearly 50% of the current force has been inventoried, including those serving in volatile areas of the country, according to the UN Secretary-General.<sup>91</sup> The targeted completion date has been moved back from April 1, 2010, to early May 2010, according to DoD.<sup>92</sup> The collection of biometric data for the Personnel Asset Inventory occurs primarily at Regional Training Centers, where a health assessment is conducted to assess the candidate's suitability for the ANP. In addition to collecting identifying information—such as name, kinship, and home province—the ANP takes fingerprints, handprints, photographs, and iris scans. This information is compared with a national database of criminals. The biometric data collection process not only catches criminals within the ANP but also deters these individuals from attempting to join.<sup>93</sup>

Payment methods have also improved: 94% of all personnel are covered by the electronic payroll system, and 73% are covered by the electronic funds transfer system. Both systems decrease the opportunities for corruption in ANP payments.<sup>94</sup>

To further facilitate payment of personnel in high-risk areas, a new program will enable payment of personnel by mobile phone.<sup>95</sup> The program aims to minimize corruption: historically, as much as a third of ANP personnel were not receiving their pay. It is designed to make more accurate and timely payments, reduce exposure to the risk associated with travel, eliminate corruption, and create a more transparent payroll process. After a nine-month trial, the program is expanding to three new districts in Wardak and Khowst, according to NTM-A/CSTC-A. As of the beginning of April 2010, 53 ANP personnel from Jalrez district in Wardak province are enrolled; soon, an additional 220 personnel will enroll. The effort is a collaboration between CSTC-A, the MoI, and the Ministry of Finance.<sup>96</sup>

Despite improved tracking of and payment for the ANP, the quality of the force remains the subject of controversy. A recent audit by the DoS Office of the Inspector General (OIG) and the DoD OIG identified several challenges that impede the progress of the ANP, including low literacy rates, deceptive recruiting tactics, desertions, and corruption, according to MoI personnel interviewed for the audit. In addition, the lack of a single, unified chain of command for ANP training occasionally causes confusion and delays in enhancing the program, according to CSTC-A Training Command.<sup>97</sup> CSTC-A, in its response to the auditors' findings, recommended that ANP leadership be improved and that corrupt officials be dismissed from the force.<sup>98</sup>

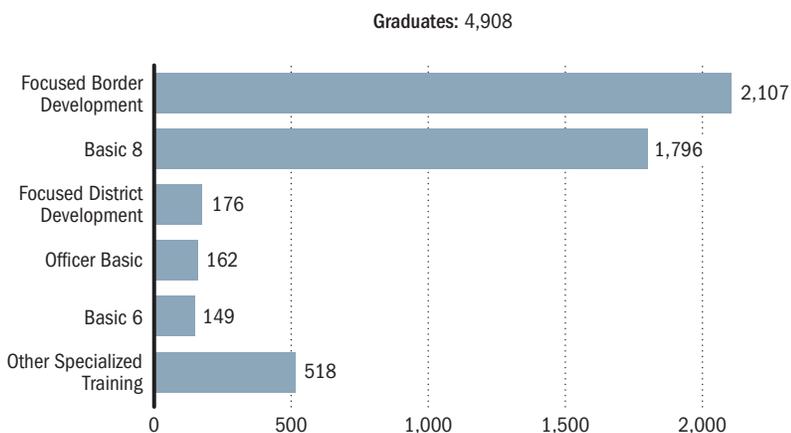
The UN Secretary-General gave a similar report of the controversial quality of the ANP, noting that ANP personnel are involved in smuggling, kidnapping, and extortion at checkpoints. There is also tension with local communities over ethnic and tribal imbalances in the force created as a result of potentially questionable recruiting tactics that are themselves fueled by provincial and district hierarchies.<sup>99</sup>

These problems do not enhance the public perception of the ANP. In its new Afghan National Police Strategy, the MoI identified several aspects that hurt the perception of the force: militaristic behavior, which intimidates the population; ethnic and gender imbalances, which can hinder the development of relationships with communities; neglect of traditional policing functions for counter-insurgency operations; and corruption in the force.<sup>100</sup> To help the ANP gain the confidence of the public, the MoI has set six goals:<sup>101</sup>

- Increase ANP capability to respond promptly and fairly to public requests for security, assistance, fighting criminality, and administrative services.
- Train the police to respect human rights and individual legal rights and to behave properly with citizens based on Islamic and Afghan values.
- Create opportunities for women within the police force and recruit 5,000 women over the next five years.
- Improve diversity of recruitment to represent all of Afghan society in the composition of the police force.
- Introduce an impartial system that can provide oversight of police accountability and public concerns.
- Counter the misuse of drugs within the police force.

FIGURE 3.23

### ANP TRAINING GRADUATES BY PROGRAM



Note: Other Specialized Training includes Ceremonial Unit, Afghan National Civil Order Police, Train the Trainer (T3), Medical, Advanced 8, Guard Training, Female Intelligence, Female Basic, and Firearms.  
Source: NTM-A/CSTC-A, response to SIGAR data call, 4/1/2010.

Because high levels of corruption exist in the MoI, NTM-A/CSTC-A has initiated a planning team, in coordination with the European Union Police and the MoI, to address the challenges of quality leadership and professional development and to identify ways to counter corruption. NTM-A/CSTC-A are working with the MoI to institute a competitive selection and promotion process that is transparent and merit-based, to minimize corruption in the advancement of rank.<sup>102</sup>

## ANP Training

From January 1 to March 31, 2010, ANP training organizations graduated 4,908 personnel, a 14.5% increase from the preceding quarter. As of the end of the quarter, 2,761 ANP are in training. The largest number graduated from Focused Border Development, as shown in Figure 3.23.<sup>103</sup>

Graduates during this quarter were assigned to a much larger number of provinces: 27 this quarter, as shown in Figure 3.24, compared with 7 last quarter. The largest number of graduates was assigned to Kabul.<sup>104</sup>

During this quarter, the ANP training program was the subject of controversy. The joint DoS/DoD audit found that the DoS Civilian Police Program does not meet DoD's requirements to train a police force capable of combating the insurgency. Consequently, DoS and DoD agreed to allow DoD to assume contractual responsibility for the primary ANP training program. The audit recommended that the Commanding General of CSTC-A establish clearly defined requirements for the training, as well as implement effective contractor oversight procedures.<sup>105</sup>

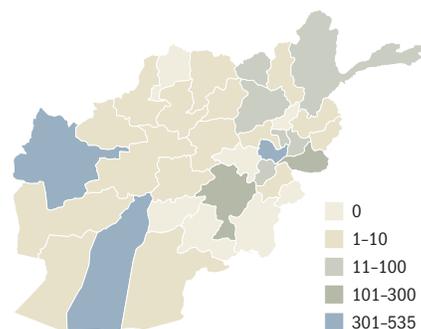
Regarding the command structure governing ANP development, the audit concluded that the current DoS contract for ANCOP training does not allow DoD to make rapid adjustments in the training regime as the security situation in the country changes, thus limiting the quick adaptability of the force.<sup>106</sup> Under the current system, DoD must coordinate any changes in training through the Bureau of International Narcotics and Law Enforcement Affairs (INL), providing updated training requirements 120 days (four months) before they are to be implemented. Yet INL told the DoS/DoD auditors that implementation actually takes six months.<sup>107</sup>

Attrition within the ANP is also a challenge, with a rate of 25%, according to ISAF. Attrition is highest in the ANCOP, at a rate of 67%, despite the fact that the ANCOP is the best trained and most educated force within the ANP. To combat attrition, NTM-A/CSTC-A plans to initiate a cyclical program in May 2010 that will allow for periods of rest during which ANCOP personnel can engage in literacy training and other education, and take leave.<sup>108</sup> The MoI is also working to minimize attrition; it has set a goal of reducing the annual rate to less than 20% by 2015. A related goal is to increase the retention rate for new personnel to 60% by the same time.<sup>109</sup>

To improve the overall quality of training that ANP personnel receive, the MoI and NATO are developing Afghan Police Training Teams (APTTs) to be in all

FIGURE 3.24

### ANP TRAINING GRADUATES BY PROVINCIAL ASSIGNMENT



Note: Unable to determine assignments for 272 ANP graduates from data provided.

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

provinces by the beginning of 2012. The APTTs are staffed by Afghan trainers who work alongside ISAF Police Operational Mentor and Liaison Teams and Police Mentoring Teams to extend the reach of training and development capacity into districts that lack training support. APPTs comprise one officer, two non-commissioned officers (NCOs), and a civilian literacy trainer. Teams are responsible for police training, literacy training, mentoring, administration (drug testing and accountability for personnel, weapons, and entitlements), and anti-corruption.<sup>110</sup> NTM-A/CSTC-A is exploring ways to enable non-governmental organizations to provide training to the ANP in human rights and community relations.<sup>111</sup> APTT trainers will also serve as anti-corruption officials and provide immediate replacements to ANP units if necessary. APTTs will serve as independent officials within the MoI, reporting to the Deputy Director of Training and Education.<sup>112</sup>

Along with improvements in training quality, the MoI seeks to make ANP training more uniform and consistent, addressing the lack of centralized command and control for recruiting and training. In January 2010, according to DoD, the MoI established the ANP Recruiting Command to help accomplish this goal. This new command will synchronize and coordinate recruiting policies across the ANP. It will be staffed with 263 recruiters, posted in all 34 provinces, who will coordinate recruiting activities directly with MoI headquarters.<sup>113</sup>

## Women in the ANP

Attaining gender equality in the ANP remains a challenge. The MoI has set a goal to recruit 5,000 female officers over the next five years.<sup>114</sup> As of February 21, 2010, the ANP had 944 female personnel, 1% of the force. Women hold the following positions: 108 officers, 364 non-commissioned officers (NCOs), 237 patrol officers, and 235 civilian employees.<sup>115</sup>

Nineteen women graduated from the eight-week basic course (Basic-8) for officers at the National Police Academy in Kabul on March 11, 2010. This was the sixth cycle of female officer training; the first cycle began in October 2008. Including the March 11 graduates, 150 female officers have graduated from the Basic-8 program.<sup>116</sup>

The DoS/DoD audit of ANP training recommended that CSTC-A and INL increase the resources they devote to developing the women's police corps. Recruitment and retention of women faces many obstacles:<sup>117</sup>

- Most women in Afghanistan are uneducated or illiterate.
- Religious and cultural taboos regulate women's roles in society.
- Women are expected to perform traditional roles, such as household or kitchen duties, child-raising, and basic secretarial work.
- Women lack the freedom of movement necessary to perform everyday duties involved in police work, such as driving vehicles and working after dark.
- Women's roles in society—which are dictated by male family members, tribal leaders, and clerics—are generally very restricted.
- The notion of women in the police force is not fully supported by all Afghans.
- Childcare availability and related facilities are limited.



**Female ANP trainees** participate in a tactical exercise at Kabul Military Training Center. During the eight-week basic course, trainees learn about Afghan laws, human rights, and first-responder responsibilities. They also receive training in tactics, IED awareness, surveillance and intelligence gathering, civil disturbance management, and shooting techniques. (U.S. Air Force photo, SSgt Sarah Brown)

The ANP has created 131 positions to be filled by female personnel:

- Assistant Complaint Officer (1 officer)
- Assistant Planning Officer (1 officer)
- Call Center Operator (7 civilians)
- Chief Gender Affairs (1 officer)
- Communication and Awareness Officer (1 officer)
- Complaint Officer (1 civilian)
- Deputy Chief and Gender Supervisor (6 officers)
- Domestic Passenger Officer (5 NCOs)
- Family Response Unit Chief (37 officers)
- Family Response Unit Investigator (37 NCOs)
- Gender Rights Investigator (6 officers)
- International Luggage Officer (3 NCOs, 3 officers)
- Monitoring and Evaluation Officer (1 officer)
- Monitoring and Investigation Team Member (1 civilian)
- Planning Officer (1 officer)
- Research Officer (1 officer)
- Squad Controller (18 NCOs)

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

- Training requires a woman to spend the night away from her family at a training center, against cultural expectations.
- Suitable work locations must be identified for women, and they must be accepted by the local ANP commander. Not all commanders are willing to accept women in their unit.

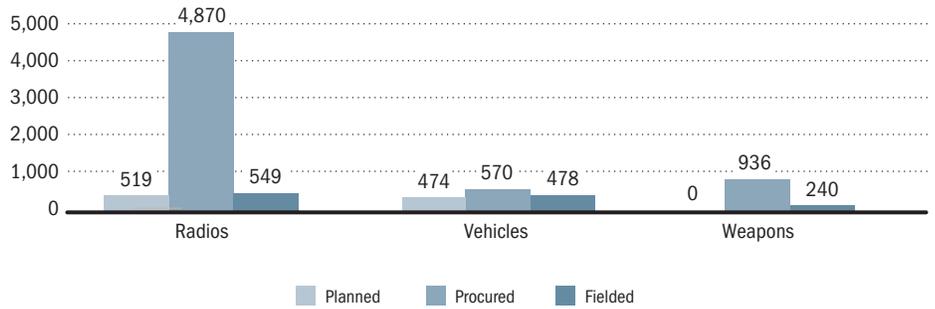
Achieving gender equality will require more than merely increasing the number of female personnel. All ANP personnel will undergo training on gender-related issues. According to DoS, most of the ANP will have completed this training by December 2010.<sup>118</sup>

## ANP Infrastructure

As of March 31, 2010, NTM-A/CSTC-A reported 250 active infrastructure contracts, the same as the preceding quarter; the largest number of these contracts is for projects in the central region, with only one project in the west. Sixty-seven contracts with a collective value of \$140.2 million were scheduled to be completed during the quarter. This quarter, 13 contracts with a collective value of \$17.0 million were terminated—10 for security reasons and 3 for land disputes. Two new contracts totaling \$2.6 million were awarded.<sup>119</sup>

FIGURE 3.25

## ANP EQUIPMENT



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

## ANP Equipment

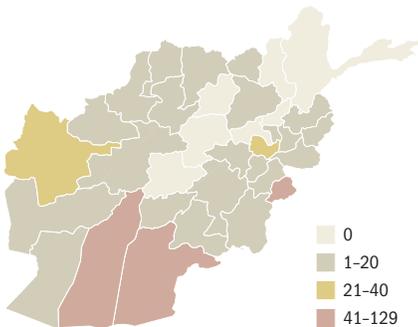
From January 1 to March 31, 2010, the ANP fielded 549 radios, 478 vehicles, and 240 weapons, according to NTM-A/CSTC-A (see Figure 3.25). Continued driver training enables additional vehicles to be fielded. NTM-A/CSTC-A expects to receive an average of 250 vehicles per month for the ANP for the next seven months.<sup>120</sup>

The only weapons procured during this quarter were PK machine guns. According to NTM-A/CSTC-A, there was a large change in the number of weapons planned for the future—from 2,448 last quarter to none this quarter. The number of weapons fielded also decreased this quarter, 1,017 fewer than last quarter. This decrease in fielding was intended to encourage the MoI to implement and enforce greater accountability of excess weapons, according to NTM-A/CSTC-A.<sup>121</sup>

The largest increase in equipment procured was in the number of radios—nearly 4,900 this quarter, compared with none last quarter.<sup>122</sup>

FIGURE 3.26

## ANP CASUALTIES BY PROVINCE



Note: Casualties reported from 12/28/2009 to 3/31/2010.

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

## ANP Casualties

From December 28, 2009, to March 31, 2010, the ANP suffered 476 casualties, according to the IJC: 319 personnel were wounded in action, and 157 were killed in action. Total ANP casualties increased more than 80% from the preceding quarter. Casualties were concentrated in Helmand, Kandahar, and Khowst, as shown in Figure 3.26.<sup>123</sup>

The average number of personnel killed each month in the ANP has increased steadily over the past four years, according to the DoS/DoD audit. The auditors concluded that ANP personnel need enhanced combat capabilities, increased training capacity, and more police mentor teams to develop new ANP forces.<sup>124</sup>

According to the MoI, the high ANP casualties can be attributed to terrorist attacks that focus predominantly on the ANP rather than on ANA or coalition forces. This occurs because ANP personnel usually patrol in smaller groups, have more predictable patrol patterns, and lack the capacity to respond to attacks with the quick strength of a military force. The number of these attacks has increased. Many ANP personnel die of wounds incurred in such attacks, owing to a lack of medical expertise and evacuation capacity.<sup>125</sup> The MoI seeks to reduce this high casualty figure by several means:<sup>126</sup>

- improving protective measures
- providing protective vehicles
- implementing intelligence-led operations
- avoiding deployments of vulnerable units to isolated locations
- enhancing tactical training
- improving quick reaction forces at the provincial and district levels
- enhancing counter-IED capabilities
- improving access to medical support

## DISARMAMENT OF ILLEGAL ARMED GROUPS

The UN Development Assistance Framework prioritizes governance, peace, and stability. Two key aspects of this framework are disarming illegal armed groups and strengthening institutions at the national and local levels. The Disbandment of Illegal Armed Groups (DIAG) project was started in 2005 to support the GIRoA by directly addressing the problem of illegal armed groups that destabilize the country.<sup>127</sup>

To ensure that disarmed groups remained disarmed, DIAG's regional offices and local security agencies continued to monitor former commanders and their units. Six months after a group is designated as compliant, a DIAG monitoring and evaluation team conducts a post-compliance survey, which involves surveying local people about security, governance, and popular support for the government to develop an understanding of the environment in an area previously occupied by illegal armed groups. A second method for monitoring former illegal armed groups is through regular exchanges of information between the DIAG regional office managers, provincial governors, provincial DIAG coordinators, and security agencies.<sup>128</sup>

In addition to disarmament and monitoring, DIAG implementation also includes public information activities. The Public Information Unit produces public service announcements about peace and disarmament, which feature prominent members of the National Assembly and other respected people. Announcements are aired on the radio and television.<sup>129</sup>

**On February 23, 2010, the UN Assistance Mission to Afghanistan (UNAMA) reported that seven former mujahedeen commanders handed over their weapons to provincial authorities in Bamyan. They did so to obtain development projects for the district that are supported by the international community.**

Source: UNAMA, press release, "Former Commanders Give Up Their Weapons for Development," 2/23/2010.

TABLE 3.3

<b>DISARMAMENT METRICS, QUARTER-TO-QUARTER COMPARISON</b>		
<b>Source</b>	<b>Number of Weapons, 12/19/2009</b>	<b>Number of Weapons, 3/13/2010</b>
Weapons collected by DIAG	45,830	47,359
Weapons collected/confiscated by national security agencies	11,815	12,419
Individual weapons registered by Mol	18,916	20,364
Private security companies' weapons registered	16,927	20,504
Weapons destroyed or kept by ISAF, estimated	14,000	14,000
<b>Weapons Under GIRoA Control</b>	<b>107,533</b>	<b>114,646</b>

Sources: UNAMA, "DIAG Implementation Progress Report," 3/13/2010; DoS, response to SIGAR data call, 1/6/2010.

## Status

As of March 13, 2010, DIAG had targeted 140 districts in Afghanistan, 95 of which were considered compliant. In the disarmament effort, all statistics reported by DIAG increased this quarter, except the number of weapons destroyed or kept by ISAF, which remained the same as last quarter, as shown in Table 3.3.<sup>130</sup>

From December 19, 2009, to March 13, 2010, DIAG security forces disbanded 15 illegal armed groups, bringing the total to 704. DIAG also targets government officials linked to illegal armed groups. Of 72 such officials, 34 have been declared compliant, and 33 have been removed from their positions. Security forces collect ammunition for disposal by DIAG. As of March 13, 2010, DIAG reported 30,992 metric tons of ammunition collected. Unusable ammunition is destroyed.<sup>131</sup>

## Security Operations

The ANSF participates in the disarmament of illegal armed groups. The Afghan National Police Strategy states that the ANP will collect weapons and ammunition from illegal armed groups and irresponsible individuals. It also states that the ANP will continue to conduct intelligence-led operations and implement programs to disband illegal armed groups.<sup>132</sup>

## Challenges

The DIAG program continued to face several challenges in implementation this quarter. In many provinces, the difficult security situation restricts DIAG activities; in some areas, all DIAG-related efforts are prohibited. These other factors made efforts difficult:

- the rampant trafficking of weapons
- limited information on illegal armed groups
- weak governance at the provincial and district levels to enforce disarmament
- variations in the political commitment to DIAG

In addition, a proper weapons management system is lacking: there is no centralized GIRoA database of government-issued and privately held weapons. Because



**Insurgent equipment** and a cache of drugs are found after an operation. Illegal armed groups threaten the stability of the country. (U.K. Ministry of Defense photo)

of this poor monitoring, in several instances DIAG has recovered government-issued weapons from illegal armed groups. Moreover, according to the UN Development Programme, there is room for improvement in communication between security agencies—such as the MoD, MoI, and National Directorate for Security—regarding information that contributes to the DIAG effort.<sup>133</sup>

## IMPROVISED EXPLOSIVE DEVICES

The number of IEDs in Afghanistan has increased significantly, and so has the number of U.S. casualties, according to DoD. The Joint Improvised Explosive Device Defeat Organization has found that IEDs in Afghanistan are largely homemade. The Taliban insurgents are also less discriminating about whom they attack, with the result that far greater numbers of civilians than coalition or Afghan forces are killed by IEDs.<sup>134</sup>

### Status

The IJC reported that from December 28, 2009, to March 31, 2010, there were 1,021 IED attacks against coalition forces or international civilian targets; almost half were in Helmand.<sup>135</sup> This is a significant increase from the 836 IED attacks reported last quarter.<sup>136</sup>

### Security Operations

During this quarter, ANSF and coalition forces found 1,400 IEDs, according to the IJC.<sup>137</sup> IEDs constitute a large portion of the threat to ANSF and coalition forces. In response to this threat, DoD is continuing initiatives to minimize the impact of IEDs:<sup>138</sup>

- mitigation of the effect of device detonations, including better vehicles and improved personal protective equipment
- improved detection and identification of implanted IEDs
- prevention of IED detonations through use of countermeasures
- identification and targeting of IED fabrication and delivery networks, including financing networks
- improved training of personnel

ISAF conducts counter-IED training for the ANA. On March 2, 2010, a ceremony honored the graduation of 70 members of the 205<sup>th</sup> Corps Route Clearance Company. Graduates had undergone a six-month course in mine-sweeping techniques, counter-IED measures, and other route-clearance skills. According to ISAF, the members of the 205<sup>th</sup> Corps Route Clearance Company will begin an operational partnership with ISAF forces of Task Force Thor in Kandahar.<sup>139</sup>

Coalition forces also assist in the fight against IEDs through an initiative in which U.S. Marines use trained dogs to sniff out IEDs and communicate their locations. Training sessions for the initiative focus on teaching dogs and handlers how to better identify IEDs and the materials used to create them.<sup>140</sup>

**On March 10, 2010, ANSF units, operating independently of ISAF, discovered a large weapons cache in Kabul. The cache contained more than 1,000 detonators with remote control units and 700 kg of explosives, enough to make 28 IEDs. Two insurgents were arrested for their connection with the weapons.**

Source: ISAF, press release, "ANSF Discover Significant Weapons Cache in Kabul," 3/11/2010.

## Challenges

DoD reported that the significant increase in IED attacks is largely due to the following three factors:<sup>141</sup>

- advances in tactics, techniques, and procedures such as using different materials, creating larger blasts, and making detection more difficult
- accessibility to expertise through the Internet
- stockpiling of IEDs

## REMOVING UNEXPLODED ORDNANCE

According to DoS, approximately 6,434 hazardous areas cover an estimated 665 million square meters of Afghanistan.<sup>142</sup> Within these areas, more than 2,150 Afghan communities are directly affected by unexploded ordnance, according to the UN Secretary-General. According to DoS, unexploded ordnance causes an average of 40 casualties per month, most of whom are children. Unexploded ordnance also prevents livelihood activities, hindering access to agricultural land, water sources, health-care facilities, and educational facilities. New hazardous areas continue to be discovered.<sup>143</sup>

The UN leads the mine-removal effort in Afghanistan through the Mine Action Coordination Center of Afghanistan (MACCA). Community-based de-mining efforts are used as well. The Community-Based De-mining (CBD) initiative enlists a local workforce that is recruited, trained, and employed by an Afghan NGO, which oversees all aspects of the operation. As of March 31, 2010, DoS is funding CBD programs in Helmand, Kandahar, and Kunar provinces. The effort in Helmand, in Now Zad, is of particular interest to DoS and the U.S. Embassy Kabul because it exemplified an element of the COIN phases of shape, clear, hold, and build. In Now Zad, de-miners arrived immediately after fighting ended during the hold phase, helping people return to their homes.<sup>144</sup>

For the next 12 to 18 months (from April 2010), DoS and supporting organizations will seek to expand CBD activities and improve civilian-military-GIRoA coordination of projects at the provincial level. They will also explore opportunities to develop the capacity of the GIRoA Department of Mine Clearance, which is expected to take over the management of the demining program from the UN in 2013.<sup>145</sup>

## Status

In January and February 2010, MACCA removed 1,727 anti-personnel mines, 135 anti-tank mines, and 110,194 explosive remnants of war, according to the UN. This helped reduce the contaminated land area in Afghanistan by 39%. Nineteen communities were cleared of mines and other unexploded ordnance. During those two months, MACCA and other partners in the mine-removal effort taught 61,099 women and girls and 87,518 men and boys throughout the country about the risks of mines.<sup>146</sup> Also during this period, 74 mine incidents were reported; each incident concerned a different individual.<sup>147</sup>



**An ANA soldier** uses a metal detector during a route-clearing mission. The United States has been providing training support to help establish route-clearing capabilities in each of the five regional commands. (NTM-A/CSTC-A photo)

**Since 1988, de-mining organizations have been in continuous operation in Afghanistan. Since 1993, the U.S. government has provided \$125 million to support the de-mining effort. It plans to provide \$35 million this year, creating jobs for more than 3,000 Afghans.**

Source: DoS, response to SIGAR data call, 4/1/2010; U.S. Embassy Kabul, "Remarks as Delivered by U.S. Ambassador Karl W. Eikenberry at International Mine Action Day," 4/3/2010.

Since 1993, DoS-funded partners in unexploded ordnance removal have cleared more than 160 million square meters of land and destroyed approximately 3.06 million landmines and other explosive remnants of war. These partners have also destroyed or removed more than 11,585 metric tons of stockpiled, abandoned, at-risk, or unserviceable ordnance and ammunition.<sup>148</sup>

Clearing the site for the ADU was a considerable mine removal effort recently completed. To prepare the site, 1,500 acres had to be de-mined. This effort began in 2008 and entailed removal of significant amounts of unexploded ordnance.<sup>149</sup>

## Challenges

Funding for efforts to remove unexploded ordnance is a challenge. The UN reported in February 2010 that funding must increase in order to achieve the mine removal targets set by the Afghan National Development Strategy, as shown in Table 3.1 in the “Security Update” section. Funding must also be received in a timely manner, before the beginning of the year, to enable effective delivery.<sup>150</sup>

## COALITION FORCES

At the London conference, participants confirmed the need for an increase in coalition forces to support the training needs of the ANSF. According to the UN Secretary-General, 21 teams of 20 to 30 trainers are required for the ANA, and the ANP needs 119 such teams. In addition, approximately 1,300 trainers are needed to serve in an institutional capacity for officer training, weapons training, and in the Staff College and counter-insurgency academy.<sup>151</sup>

Coalition forces contributed significant numbers to the 15,000 forces that undertook the joint operation in Helmand this quarter. Operation Moshtarak consisted of ISAF Regional Command (South) elements, with forces drawn from the United States, the United Kingdom, Denmark, Estonia, and Canada.<sup>152</sup>

The military operations in central Helmand will be followed by an effort to establish an Afghan government presence in the cleared areas. This effort will be supported by the Helmand Provincial Reconstruction Team (PRT). For additional information on PRTs, see the “Governance, Rule of Law, and Human Rights” subsection.<sup>153</sup>

## NEW INITIATIVES IN SECURITY

### COMMUNITY-BASED SECURITY

The United States does not support tribal militias in Afghanistan; however, it is involved in local security and reintegration efforts in varying capacities. Two Afghan initiatives aim to develop community-based security: the Local Defense Initiative (LDI) and the Afghan Public Protection Program (AP3). The United States supports efforts of the GIRoA to develop self-reliant security forces like these. It also supports the GIRoA in the development of reintegration programs for former insurgents.<sup>154</sup>

#### Local Defense Initiative

The LDI, which is organized and run through village shuras (local councils of elders), is intended to develop village-level security forces in order to help provide security in key areas where the Afghan central government and ISAF do not yet have effective control. The LDI has established sites in five provinces in Regional Commands South, West, and East; it is still in the early phases of implementation.<sup>155</sup>

#### Afghan Public Protection Program

The AP3 is a pilot program run by the GIRoA that began in 2009 in Wardak province. The AP3 follows the counter-insurgency principles of shape, clear, hold, and build. AP3 personnel are representative of all ethnic groups and tribes in the community. The program works with the village shura to nominate personnel to provide security for the community. The goal of the program is to develop and implement a self-sustained local force that can partner with the ANSF to improve the security environment by preventing attacks on key facilities and infrastructure.<sup>156</sup>

The Afghan Public Protection Force (APPF) is the security force of the AP3. As of March 31, 2010, there are 1,010 APPF personnel, also known as “Guardians,” of a planned force of 1,212. APPF personnel receive three weeks of training, as well as equipment. A training effort was initiated in March 2010 to attain this targeted force strength.<sup>157</sup>

The APPF is intended to provide protection for key infrastructure projects and facilities used by international agencies and private-sector organizations. The APPF maintains guard positions throughout assigned areas and defends communities against insurgent threats until ANP, ANA, or coalition forces can be summoned, if required. The APPF is used as a hold force in environments where ANSF and coalition forces have performed the shape and clear phases and have established security. These forces are purely defensive and have no arrest authority; they are not intended or trained to conduct offensive operations. The APPF acts as a force multiplier for the ANP; once fully implemented, it has the potential to relieve troops of local security responsibilities, enabling them to move on to clear new areas. The U.S. Special Forces currently train and mentor the APPF with the objective of eventually transitioning them to the control of the ANP.<sup>158</sup> The APPF plans to eventually replace the private security companies that currently protect these facilities.<sup>159</sup>

According to DoD, anecdotal reports suggest that this force has been able to reduce the number of IEDs and rocket strikes in the areas in which it operates. Those reports also suggest that the additional security provided by these personnel has enabled the Wardak provincial government to open schools, convene public meetings, and offer additional protection for motorists traveling on local roads. As a result, economic activity and freedom of movement have increased.<sup>160</sup> Reports in Wardak have indicated that the perception of security has improved in areas where APPF operate, according to DoD.<sup>161</sup>

**On February 20, 2010, more than 200 Afghan citizens from Wardak and surrounding provinces graduated from the AP3 course. The course, run by the MoI, included training in checkpoint manning, weapons operation, and personnel detainment. This class of graduates is the sixth to go through the course in Wardak.**

Source: ISAF, press release, “Locals Complete Afghan Public Protection Program,” 2/23/2010.

# QUARTERLY HIGHLIGHT



**APPF members graduate** from basic training in Wardak. The APPF is a community-level, defensive security force intended to provide protection for key infrastructure projects and facilities. (U.S. Army photo, 1LT Robert Morris)

## REINTEGRATION

At the London conference, Afghan President Hamid Karzai outlined a reintegration program that has the goal of promoting peace through dialogue with Taliban members and their mid-level commanders.<sup>162</sup> According to DoS, “reintegration” means absorbing back into society the local insurgent commanders and their followers, most of whom have no links to al-Qaeda or any extremist political agenda but have sided with the Taliban for money, for expedience, or under coercion.<sup>163</sup> A UNAMA strategy paper pointed out that while some insurgents may be fighting primarily for economic reasons, a number of them are likely fighting for other reasons, including ideology, resentment, criminal intent, and a sense of humiliation. The insurgent mentality could also stem from a belief that the government is corrupt and unable to provide law and order, as well as a sense of foreign invasion encroaching on and disrespecting Afghanistan’s culture, values, and religion.<sup>164</sup>

The reintegration program will coordinate protection, amnesty, and support for militants who disarm. It will assist with employment for former militants and will also support monitoring and de-radicalization efforts that lead to disarmament.<sup>165</sup> Identifying appropriate incentives to disarm is a sensitive issue, because of existing allegiances with groups such as the Northern Alliance, according to DoD.<sup>166</sup> U.S. Forces - Afghanistan is working with ISAF to develop support for the GIRoA

reintegration program in accordance with the FY 2010 National Defense Authorization Act, according to DoD. Support for former insurgents includes job training, education, and relocation assistance. The program also plans to utilize local leaders to verify the reliability of those desiring to leave the insurgency and reintegrate into Afghan society.<sup>167</sup>

President Karzai envisions the creation of a national peace council that will oversee this reintegration, according to the UN Secretary-General.<sup>168</sup> DoS stated that the goal is to develop an approved plan for reintegration with international coordination by mid-2010.<sup>169</sup>

DoS estimated that funding requirements for reintegration will exceed \$100 million per year for several years. The U.S. Congress has authorized DoD FY 2010 funds to support this effort, according to the Afghanistan and Pakistan Regional Stabilization Strategy. International partners, including Japan and the United Kingdom, have also pledged funds to a new international trust fund to support Afghan-led reintegration efforts.<sup>170</sup> At the London conference, the international community pledged more than \$140 million to this fund. In addition to funding, however, the UN Secretary-General noted that the success of any reconciliation and reintegration process will require broad national support.<sup>171</sup>



## GOVERNANCE, RULE OF LAW, AND HUMAN RIGHTS

This quarter, the United States and the international community placed greater emphasis on building the capacity of the Government of the Islamic Republic of Afghanistan (GIROA) to improve governance and strengthen the rule of law. To assist the GIROA, the United States and the international community have begun to commit more resources to support Afghan governing institutions. Also this quarter, the United States began expanding its civilian presence in Afghanistan. This expansion is designed to assist the GIROA in delivering essential services and restoring Afghans' faith in their government.

### GOVERNANCE

Since last quarter, the United States and the international community agreed to focus greater attention on helping the GIROA build the capacity of its government institutions. Both will help the GIROA take greater responsibility for reconstruction

“We have no illusions about the challenges ahead of us.... But for the first time since this conflict began, we have a true whole-of-government approach.”

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

Source: DoS, “Afghanistan and Pakistan Regional Stabilization Strategy,” 1/21/2010.



**U.S. Secretary of State** Hillary Rodham Clinton greets women from Afghanistan during the London conference. (DoS photo)

initiatives.<sup>172</sup> Under the U.S. Afghanistan and Pakistan Regional Stabilization Strategy, the United States plans to assist the GIROA to improve delivery of government services, increase accountability, and provide Afghan citizens with greater protection from predatory government practices.<sup>173</sup>

## U.S. Governance Strategy

As outlined in the new U.S. strategy for Afghanistan, U.S. policy emphasizes building the capacity of the GIROA in order to transition responsibility for governance and reconstruction to Afghan authorities.<sup>174</sup> The U.S. Department of State (DoS) plans to implement the new strategy by increasing its civilian presence in Afghanistan and by providing more assistance through GIROA ministries. The United States also will expand efforts at the provincial and district levels.<sup>175</sup>

The U.S. Agency for International Development (USAID) reported that it has also shifted its policies this year to align with the new U.S. strategy. In the past, USAID trained GIROA officials directly through contractors and grantees; now, USAID contractors are working to build the Independent Administrative Reform and Civil Service Commission. USAID reported that it is working to build the capacity of the training commission so that the commission can become fully responsible for training civil servants. Members of the commission are learning how to manage a training facility for GIROA civil servants. The commission is expected to be able to operate the facility independently in one to two years. USAID also reported that U.S. advisors are increasingly working directly with GIROA ministries instead of through U.S. contracting offices, as many had in the past.<sup>176</sup>

## Human Capital: Expanding the Civilian Presence

A principal goal of the new U.S. strategy in Afghanistan is to build the GIROA's capacity to create stronger, more transparent, and more accountable institutions. To implement this goal, the U.S. government is expanding its civilian presence in Afghan ministries and provincial centers.<sup>177</sup>

From January 2009 to the end of March 2010, the United States had expanded its civilian presence in Afghanistan from 320 people to more than 920, according to DoS. When all positions are filled, there will be 974 U.S. civilian personnel in Afghanistan. DoS reported that it expects to fill all civilian positions by May 2010.<sup>178</sup> Table 3.4 lists some of the planned U.S. agency contributions to the

TABLE 3.4

EXPANDING THE CIVILIAN PRESENCE: U.S. AGENCY CONTRIBUTIONS	
Agency	Planned Personnel Levels
Department of State	423
U.S. Agency for International Development	333
Department of Justice	128
Department of Agriculture	64

Note: Additional civilian personnel will be provided from the departments of Homeland Security, Treasury, Transportation, and Health and Human Services.

Sources: DoS, response to SIGAR data call, 4/6/2010; USAID, response to SIGAR data call, 4/6/2010.

increased civilian presence in Afghanistan. Other contributing departments include the departments of Homeland Security, Treasury, Transportation, and Health and Human Services.

As of April 2010, most new civilian staff were expected to join efforts in eastern and southern Afghanistan.<sup>179</sup> DoS also plans to increase the number of civilian technical advisors in GIROA ministries, provincial capitals, and district centers. These advisors are expected to assist the GIROA in developing “more responsive, visible, and accountable institutions in Kabul, particularly at the provincial, district, and local levels, where most Afghans encounter their government.”<sup>180</sup>

## Provincial Reconstruction Teams

Provincial Reconstruction Teams (PRTs) enable the U.S. and international community to deliver assistance at the provincial level in Afghanistan. Each of the 26 PRTs is managed by an International Security Assistance Force (ISAF) member: Canada, Germany, Hungary, Italy, Lithuania, the Netherlands, New Zealand, Norway, South Korea, Spain, Sweden, Turkey, the United Kingdom, and the United States all manage PRTs. Currently, 12 of the PRTs working in Afghanistan are managed by the United States.<sup>181</sup> PRTs serve three broad functions:<sup>182</sup>

- reinforcement of the authority and legitimacy of the Afghan government at the provincial and district levels
- development of national, provincial, district, and local governance and infrastructure
- establishment of economic and social stability and security for the people of Afghanistan

This quarter, DoS reported that it plans to increase the emphasis on coordination between PRT programming and military projects to avoid overlap and duplication. DoS reported that it encourages civilian and military personnel to work closely together to coordinate program plans and to resolve any problems through the ISAF chain of command.<sup>183</sup>

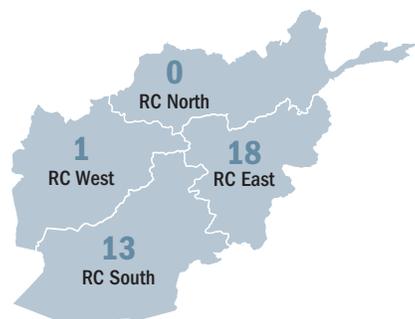
Depending on their location, PRTs face different challenges, including security, low literacy levels, and the absence of government officials and institutions. The geographical isolation of a region can also create challenges, making it difficult to deliver resources to the region’s population.<sup>184</sup>

## District Support Teams

As of March 20, 2010, DoS reported that 32 District Support Teams (DSTs) were operating in Afghanistan. According to DoS, the DSTs are designed to stabilize an area after coalition forces have cleared out insurgent activity. Typically, DSTs are small teams of three to five civilians from DoS, USAID, and other agencies,

FIGURE 3.27

## DISTRICT SUPPORT TEAM LOCATIONS BY REGIONAL COMMAND



Note: RC = Regional Command.

Sources: DoS, response to SIGAR data call, 4/6/2010; ISAF, "Facts and Figures," 2/1/2010.

as appropriate. DST civilian personnel are now living and working alongside forward-deployed military units. DoS reported that, where possible, DSTs encourage GIRoA ministries to independently deliver packages of government services.<sup>185</sup> Figure 3.27 shows the number of DSTs by regional command.

DoS plans to deploy more DSTs to dozens of additional districts in the coming months. DST projects in Afghanistan have included the following:<sup>186</sup>

- cash-for-work programs
- agricultural cooperatives and grants programs
- provision of education and medical supplies
- construction and refurbishment of government buildings
- food assistance programs
- construction of public health clinics
- construction of road and cell phone communications infrastructure

## International Strategy

At the London conference in January 2010, the international community updated its strategy in Afghanistan. The new international strategy will focus on supporting the GIRoA as it takes greater ownership of reconstruction initiatives and increases its authority over security and development programming.<sup>187</sup>

The GIRoA expressed its commitment to taking ownership of reconstruction goals. The GIRoA also agreed to develop specific proposals for reconstruction projects, which it plans to present at the international conference in Kabul later this year. According to the conference communiqué, the new reconstruction program is expected to consider issues such as democratic accountability, equality, human rights, good governance, economic growth, and "a common desire to live in peace under the Afghan Constitution."<sup>188</sup>

The GIRoA pledged to focus on several action items after the conference, including the following:<sup>189</sup>

- reducing corruption by strengthening institutions that can check Afghan institutional power
- drafting a Sub-National Governance Policy, for which legislation will be prepared in time for the Kabul conference
- assuming greater responsibility for Afghan detention centers, in keeping with international standards and law
- developing a work plan for the Kabul conference that will focus on improving coordination and coherency across government offices, including realigning ministries for improved efficiency

FIGURE 3.28

## PRESIDENTIAL CABINET



Sources: DoS, response to SIGAR data call, 4/6/2010; CIA, "Afghanistan: Chiefs of State and Cabinet Members of Foreign Governments," accessed online 4/13/2010.

## Afghan Presidential Cabinet

As of April 6, 2010, President Karzai did not have a complete cabinet. Of 25 cabinet positions, only 14 have been filled, as shown in Figure 3.28.<sup>190</sup> According to DoS, the three "most important" positions in the cabinet—Interior, Defense, and Finance—have been filled by reform-minded ministers who DoS believes will focus on ending corruption, as the international community has urged. DoS also reported that the appointments are geographically representative.<sup>191</sup>

As noted in SIGAR's January 2010 report, President Karzai submitted two rounds of cabinet candidates to the Wolesi Jirga (the lower house of the Afghan National Assembly). On December 19, 2009, Karzai submitted his first round of 24 nominees. On January 9, 2010, he submitted a second round of 17 nominees. For each round, the Wolesi Jirga approved only 7 of the nominees.<sup>192</sup>

## Upcoming Elections

The Independent Election Commission (IEC) originally scheduled the upcoming elections for the Wolesi Jirga to take place in May 2010. On January 23, 2010, President Karzai convened a meeting to discuss these elections. Following the meeting, the elections were rescheduled for September 18, 2010, because of concerns—within the GIROA and the international community—about the complex logistics required to prepare for an election so quickly. The UN Secretary-General reported that this date change is permissible under Afghan electoral law, which states that elections may be postponed for security, financial, or logistical reasons.<sup>193</sup>

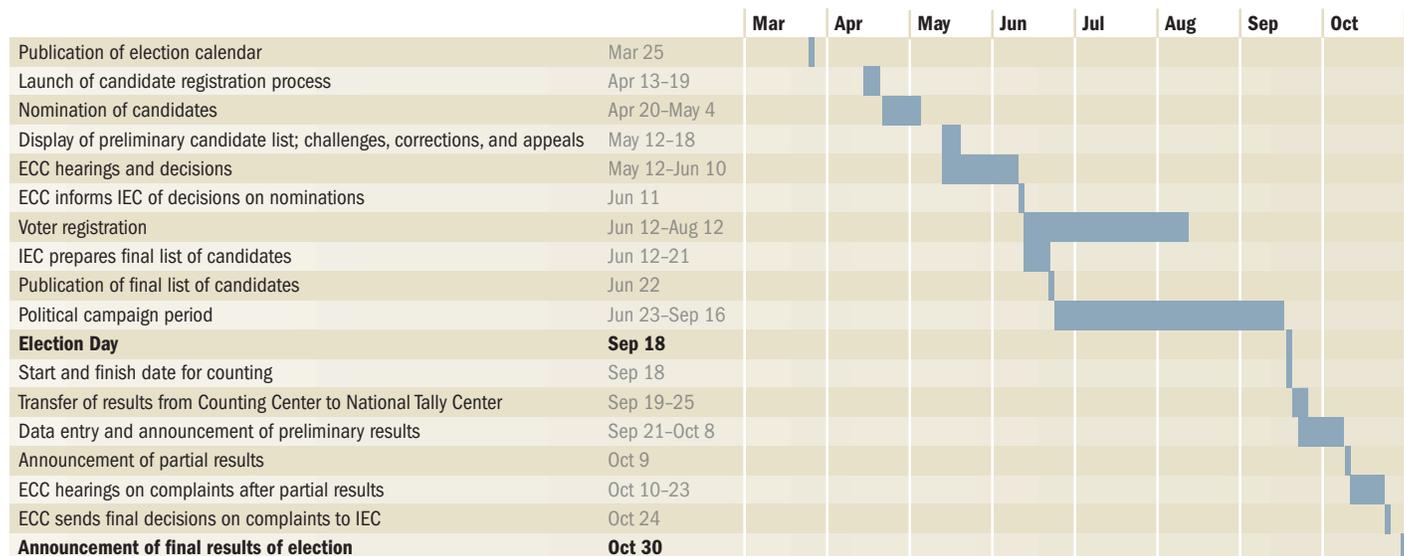
According to the UN Secretary-General, the election for the 249 seats of the Wolesi Jirga may be more complex than the 2009 presidential elections.<sup>194</sup> DoS also reported that the September 2010 elections will be a greater challenge; the large number of candidates is expected to create complications.<sup>195</sup> If the electoral institutions of Afghanistan function with transparency, impartiality, and independence, the elections may mark a turning point in the political process for Afghanistan, according to the UN Secretary-General.<sup>196</sup>

On March 25, 2010, the IEC released the timeline for the September 2010 elections. The process of providing information on the requirements for candidate nomination is scheduled for April 13–19. The IEC plans to hold candidate registration from April 20 to May 4. Candidates must register in person at an

# GOVERNANCE

FIGURE 3.29

## WOLESI JIRGA ELECTION EVENTS, 2010



Source: IEC, "Key Dates," accessed online 4/5/2010.

IEC provisional office in order to take part in elections.<sup>197</sup> As of March 31, 2010, DoS expected that the new Wolesi Jirga members would begin their terms in late 2010.<sup>198</sup> Figure 3.29 provides a complete timeline of events planned for the 2010 elections.

### Election Reform

This quarter, the international community called for the GIRoA to institute a number of reforms of the electoral process to prevent a repeat of the widespread fraud documented in the 2009 presidential election. For example, the UN recommended that the international community be included in the vetting process for political candidates to verify that candidates are not in violation of electoral law.<sup>199</sup> Table 3.5 shows the status of additional recommended reforms.

According to the UN Secretary-General, well-known violators of human rights and members of illegal armed groups were able to run for election in 2009. He pointed out that these candidates undermined faith in the electoral process within Afghanistan. To create an environment conducive to free and fair elections, the Secretary-General has recommended the establishment of a comprehensive vetting process to identify and disqualify such candidates in 2010.<sup>200</sup>

In March 2009, SIGAR launched a series of three audits to review aspects of U.S. assistance for the preparation and conduct of presidential and provincial council elections in Afghanistan.<sup>201</sup> The final audit, which includes lessons learned, will be issued in the coming quarter.

“The parliamentary elections scheduled for 18 September will no doubt be another challenge for Afghan institutions and will consume a great deal of political energy during the second half of the year.”

—UN Secretary-General  
Ban Ki-moon

Source: UN Secretary-General, "The Situation in Afghanistan and Its Implications for International Peace and Security," 3/10/2010, p. 15.

## ELECTORAL COMPLAINTS COMMISSION

On April 17, 2010, President Karzai announced that he had appointed a new Electoral Complaints Commission (ECC), including a new chief of the commission. In his statement announcing the new appointments, President Karzai's spokesperson emphasized his administration's goal to appoint an all-Afghan ECC. However, to receive international support for the coming election, President Karzai has agreed to allow two international members on the five-person ECC, for now. The new international members of the ECC are from South Africa and Iraq; both have served on national elections commissions in the past.<sup>202</sup> According to the UN, one of these two members must endorse a decision in order for the ECC to approve it as a group.<sup>203</sup>

This change in the ECC's composition followed President Karzai's February decree that modified the Afghan Electoral Law. That decree required that all members of the ECC be Afghan and appointed by the Afghan president.<sup>204</sup> Before that decree, the ECC had been appointed jointly by the Afghanistan Independent Human Rights Commission (one commissioner), the Afghan Supreme Court (one commissioner), and the UN Assistance Mission in Afghanistan (UNAMA) (three commissioners).<sup>205</sup>

Discussing the changes to the electoral law, the UN Secretary-General emphasized, "It is important that decisions regarding the electoral process be made within the framework of the broadest possible consultations across the political spectrum, including with the opposition and civil society, in order to ensure the independence and credibility of the electoral process."<sup>206</sup>

In late March 2010, the Wolesi Jirga voted to reject President Karzai's presidential decree.<sup>207</sup> However, a vote in the Meshrano Jirga (the upper house of the National Assembly) upheld the changes to the law. According to the UN Special Representative to Afghanistan, these conflicting votes resulted in a "potential standstill" for the September 2010 elections.<sup>208</sup> Following the decision to include two members of the international community on the ECC, the UN recommended

**The ECC is responsible for adjudicating all challenges and complaints related to the electoral process. It also has the authority to impose sanctions if fraud or other offenses have been committed and is empowered to challenge the eligibility of nominated candidates.**

Source: GIROA, "Electoral Complaints Commission," accessed online 3/22/2010.

TABLE 3.5

STATUS OF AFGHAN ELECTION REFORM		
Recommended Reform	Date of Action	Reform Action
Appoint members of the IEC who will improve its independence, impartiality, and credibility.	4/17/2010	President Karzai appointed a new chairman to the IEC. The international community has supported his choice.
Appoint a new Electoral Complaints Commission (ECC), including international members, in consultation with independent parties to increase trust in the institution.	4/17/2010	President Karzai has appointed a new ECC. In order to receive international support for the coming election, he has allowed two of the five members of the ECC to be international.
Take measures to safeguard the authority and independence of the ECC.	4/17/2010	The ECC used to be jointly appointed by the Afghanistan Independent Human Rights Commission, the Afghan Supreme Court, and the UN Assistance Mission in Afghanistan. Members are now political appointees of the President of Afghanistan.
Enforce remedial action against individuals involved in fraud in the 2009 elections.	2/4/2010	The IEC will not rehire approximately 6,000 workers who were employed at polls where significant fraud was reported in 2009.

Sources: UN Secretary-General, "The Situation in Afghanistan and Its Implications for International Peace and Security," 3/10/2010, p. 3; UN, "Transcript of Press Conference in Kabul by Steffan de Mistura, Special Representative of the United Nations Secretary-General for Afghanistan," accessed online 4/19/2010; GIROA Office of the President, "President Karzai Appoints New Chief for Elections Commission," 4/17/2010.

that the international community release funds for the elections.<sup>209</sup> DoS reported that the changes in the election law and the subsequent debate about these changes have already delayed the organization of large-scale support for the coming elections.<sup>210</sup>

## Public Administration Reform

In his November 2009 inaugural address, President Karzai proposed an ambitious agenda for his administration. He discussed improved relations with neighboring countries, reintegration, economic development, and larger responsibilities for Afghan security forces. According to the new U.S. strategy, the successful implementation of this agenda depends on the GIROA's ability to improve governance and provide reliable public services.<sup>211</sup>



**Afghan President Hamid Karzai** and the provincial governor of Helmand meet with Marjah residents. This area was under the control of insurgents until March 2010. The new U.S. strategy focuses on assisting the GIROA in building government capacity throughout Afghanistan. (NATO photo)

## National Assembly

The Afghan Electoral Law of 2004 provides for a National Assembly, comprising a 102-seat upper house called the Meshrano Jirga and a 249-seat lower house called the Wolesi Jirga.<sup>212</sup> According to DoS, both houses have trouble maintaining a quorum because of the indifference of their members; however, it is not possible to count the number of days for which each house maintained a quorum because Assembly records are inadequate.<sup>213</sup>

The United States provides assistance to the National Assembly through the Afghanistan Parliamentary Assistance Program, according to DoS.<sup>214</sup> USAID reported that this program works to bolster the National Assembly's institutional, technical, and political development. Activities connected with the Parliamentary Assistance Program include the following:<sup>215</sup>

- Develop the institutional capacity of the National Assembly to provide effective and efficient legislative support services to its members.
- Strengthen the ability and capacity of members of the National Assembly to perform their legislative functions and responsibilities.
- Build linkages between the National Assembly, executive branch, civil society, non-governmental organizations, and the media.
- Provide technical assistance to key legislative committees: international affairs, legislative affairs, economic affairs, legal affairs, finance and budget, and justice.
- Increase the number of public forums in which Afghan citizens and their elected representatives can interact.

Although this program was scheduled to be completed in October 2009, DoS reported this quarter that interaction between program personnel and National Assembly members is ongoing.<sup>216</sup> DoS also reported that the U.S. Embassy Kabul is in regular contact with members of the National Assembly to discuss reconstruction initiatives.<sup>217</sup>

## MESHHRANO JIRGA

The Meshrano Jirga seats are appointed. The Afghan president appoints one-third of the members, elected Provincial Councils appoint one-third, and District

Councils appoint the remaining one-third. Because the president appoints such a large percentage of the upper house, its members tend to be more loyal to the president than do members of the Wolesi Jirga, who are all elected. However, according to DoS, this loyalty is far from guaranteed.<sup>218</sup>

## **WOLESI JIRGA**

The Wolesi Jirga seats are elected positions. Elections for these seats are scheduled for September 2010.<sup>219</sup>

Like the Meshrano Jirga, the Wolesi Jirga has many factions; forming coalitions is difficult. Without coalitions, the president cannot advance the agenda of his administration.<sup>220</sup> Although a small group of Wolesi Jirga members are considered loyal to President Karzai, DoS reported that his popularity with the Wolesi Jirga has waned.<sup>221</sup>

## **Sub-National Governance Policy**

On March 22, 2010, the Afghan Presidential Cabinet approved a new Sub-National Governance Policy that outlines measures to improve the accountability and performance of government appointees. Under this policy, each sub-national government entity will be required to adopt and follow a written code of conduct. Provincial governors and councils will be responsible for monitoring conduct and performance within these organizations. According to DoS, the Sub-National Governance Policy is a good first step. DoS will support the Independent Directorate of Local Governance and the Civil Service Commission as they implement the policy.<sup>222</sup>

As noted in SIGAR's January report, the Sub-National Governance Policy was also expected to dictate that district administrators be appointed based on merit.<sup>223</sup> However, before the policy was approved, the issue had already been addressed: the Independent Directorate of Local Governance had obtained a presidential decree stating that deputy governors and district administrators (also called sub-governors) would be appointed through a merit-based process led by the Civil Service Commission.<sup>224</sup>

## **U.S. Support for Public Administration Reform**

The new U.S. strategy focuses on helping the GIRoA become more capable of providing its own package of government services.<sup>225</sup> Programs like the Performance-Based Governors' Fund, the Civilian Technical Assistance Plan (CTAP), and the Afghanistan Municipal Strengthening Program provide the GIRoA with public administration assistance to help it begin to provide these services.

## **PERFORMANCE-BASED GOVERNORS' FUND**

On January 20, 2010, the U.S. Ambassador to Afghanistan joined with the GIRoA and international community members to launch the Performance-Based Governors' Fund. Through this fund, local governors who do not

receive adequate funds from the GIROA may receive support for services in six categories:<sup>226</sup>

- transportation
- maintenance of public facilities
- information and communication technologies
- capacity building
- community outreach
- procurement of vehicles, office equipment, generators, and fuel

According to USAID, disbursement of funds for the program began on March 21, 2010, with the start of the new Afghan fiscal year. Prior to disbursement of any funds, governors were required to submit a budget outlining planned expenditures in each of the categories.<sup>227</sup>

All materials paid for with monies from the Performance-Based Governors' Fund must be purchased through an embedded implementing partner, which is required to follow U.S. government acquisition regulations. USAID reported that funds are monitored through a provincial officer working with the governor's office, a Web site with detailed monthly budget and expenditure reports, and coordination with the local PRT officers in each province. At the end of the first quarter of disbursement, a formal performance assessment is scheduled to review expenditures.<sup>228</sup>

Although all purchases are completed through U.S. channels, the Performance-Based Governors' Fund program does not advise governors on planning expenditures. USAID reported that PRT personnel are encouraged to discuss purchase decisions with governors to avoid duplication of purchases and may advise governors if approached with questions.<sup>229</sup>

## **CIVILIAN TECHNICAL ASSISTANCE PLAN**

The purpose of the CTAP is to support a more capable, accountable, and effective government in Afghanistan by providing the GIROA with greater control over the hiring of technical advisors for ministries, according to USAID.<sup>230</sup>

Although the program started in October 2009, the GIROA is expected to begin hiring and placing advisors in April 2010. USAID reported that positions are currently being advertised, and capacity-building plans are under way. As of March 31, 2010, USAID had provided \$1 million to the Plan; it has pledged an additional \$29 million over the coming year.<sup>231</sup>

## **AFGHANISTAN MUNICIPAL STRENGTHENING PROGRAM**

The goal of the Afghanistan Municipal Strengthening Program is to provide municipalities with capacity-building assistance and resources, according to USAID. The program aims to support mayors and municipalities in providing these essential public services:<sup>232</sup>

- water and power management
- sanitation

- safe roads
- parks and urban greenery
- solid waste management
- ditch cleaning
- youth activities

As of March 31, 2010, the Municipality Strengthening Program covers 11 municipalities, as shown in Figure 3.30. The program is set to end in July 2010. A new municipality program is currently in procurement and has yet to be awarded, but USAID reported that it does not expect a gap between the conclusion of the older program and the beginning of the new program.<sup>233</sup>

## Afghan Census

This quarter, the UN emphasized the importance of national census information for countries emerging from conflict. The UN reported that census data was “crucial” for national development strategies and public administrative reform.<sup>234</sup> The Afghanistan National Development Strategy of 2008 also acknowledged the importance of a national census, which would allow the GIROA to establish national economic and poverty baselines.<sup>235</sup>

As of June 2009, the U.S. Census Board, which provides estimated populations for every country in the world, put the 2010 population of Afghanistan at 29.1 million. However, this estimate is based on incomplete census data from 1979, with supplementary partial surveys done in 2005 and 2006.<sup>236</sup> A complete census of the Afghan population has never been carried out.<sup>237</sup>

The Afghan Central Statistics Organization is responsible for compiling population and housing census information, with support from the UN Population Fund.<sup>238</sup> As of April 6, 2010, DoS reported that the complete Afghan census planned for 2010 will not take place this year. According to DoS, the cancellation is not a surprise: a census has been announced and canceled every year since 2004.<sup>239</sup>

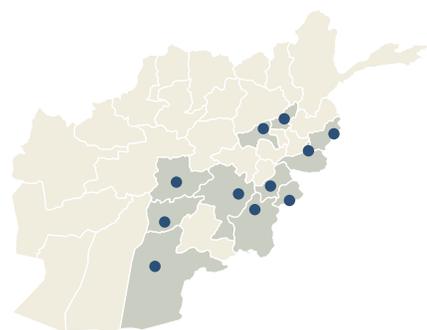
## JUDICIAL REFORM AND RULE OF LAW

The new U.S. strategy identified reform and expansion of the Afghan justice system as crucial to gaining the trust of the Afghan people: “The limited, unresponsive, and unreliable nature of the Afghan justice system is a central source of Afghans’ grievances with their government and has opened the door to Taliban ‘shadow governance.’”<sup>240</sup> The U.S. strategy also noted that as long as Afghans view GIROA justice as weak or predatory, alternative (Taliban) justice will continue to be accepted.<sup>241</sup>

According to the UN Secretary-General, credible judicial and penal systems are an indicator of progress; credible judicial and penal systems must respect and uphold human rights and be accessible to all Afghan citizens.<sup>242</sup> As reported by the U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL), the Afghan criminal justice system includes several ministries and GIROA offices, which are responsible for different parts of the justice system.<sup>243</sup>

FIGURE 3.30

CITIES IN THE AFGHANISTAN MUNICIPAL STRENGTHENING PROGRAM



Note: Cities in the program are provincial capitals.

Source: USAID, response to SIGAR data call, 4/6/2010.

**DoS reported that in areas outside GIROA control, the Taliban runs its own judicial system. Past punishments for those convicted include the removal of fingers, beatings, hangings, and beheadings. In May 2009, a Taliban leader reportedly issued a decree prohibiting court-issued beheadings; however, reports indicate that Taliban courts continue to mete out beheadings as punishments.**

Source: DoS, “2009 Country Reports on Human Rights Practices: Afghanistan,” 3/11/2010.

# GOVERNANCE

- Ministry of Interior: police force
- Attorney General's Office: prosecutors
- Supreme Court: judges
- Ministry of Justice: defense attorneys and corrections officials

## U.S. Programs

U.S. aid to the Afghan judicial system focuses on assisting the GIROA in “creating predictable and fair dispute resolution mechanisms.”<sup>244</sup> The new U.S. strategy in Afghanistan aims to complement both ISAF assistance to the Afghan National Police and Afghan-led anti-corruption programming.<sup>245</sup>

USAID reported this quarter that it is planning to provide \$25 million to support traditional and informal justice sector programming in Afghanistan. The funding is expected to be available for the justice sector starting in April 2010.<sup>246</sup>

## U.S. Justice Sector Support Program

The Justice Sector Support Program (JSSP), which works under INL, is designed to assist Afghanistan in developing and strengthening criminal justice sector institutions and justice sector professionals. Since its launch in 2005, the JSSP has grown to include more than 60 U.S. and Afghan advisors in Kabul and 4 other provinces.<sup>247</sup>

During this quarter, the JSSP worked toward expanding its Provincial Justice Conference program, which assists provincial officers in improving the rule of law within their province. This program introduces relevant provincial leadership



**An advisor** for the JSSP, right, discusses the current judicial situation in Farah with Chief Judge Abdul Hanif Ubiad. (ISAF photo, U.S. Air Force SrA Rylan K. Albright)

to leaders in key Afghan ministries and provides them with detailed briefings on the Afghan Constitution and other relevant data for that province. The JSSP then follows up with the provincial leadership to offer judicial trainings in the province. Quick-impact projects are also offered to help the province improve its rule of law. According to DoS, all Provincial Justice Conference programming is coordinated with PRTs and ISAF leadership within the province. During this quarter, the JSSP conducted Provincial Justice Conference programs in Badghis, Helmand, Kunar, Paktiya, Parwan, and Wardak.<sup>248</sup>

As of March 31, 2010, the JSSP was active in five regional training centers. According to DoS, two additional training centers are awaiting JSSP assistance, but progress has slowed because the JSSP has not received its updated task order. DoS reported that all relevant paperwork for the task order was submitted on time (before February 28, 2010), but INL will not be able to expand programming until the task order is officially awarded.<sup>249</sup>

Also this quarter, the JSSP established a Gender Justice Awareness Section. Its purpose is to increase gender issue expertise within the Kabul JSSP team.<sup>250</sup>

## Criminal Procedure Code

According to DoS, implementing the Criminal Procedure Code (CPC) would lay the foundation for improving the Afghan justice system in 2010. However, limited staff availability and a newly appointed leader for the Ministry of Justice may result in slower implementation of CPC requirements.<sup>251</sup>

The new minister has begun drafting policies and legislation. However, DoS expressed concerns that the minister is “not very reform-minded and does not see the value in changing the current laws.”<sup>252</sup> According to DoS, the minister delayed the release of President Karzai’s anti-corruption decree for several days until it had been redrafted to his specifications. In addition, DoS reported that the new minister dislikes the draft CPC and believes that the old CPC had greater procedural logic than the new edition.<sup>253</sup>

## Afghan Court System

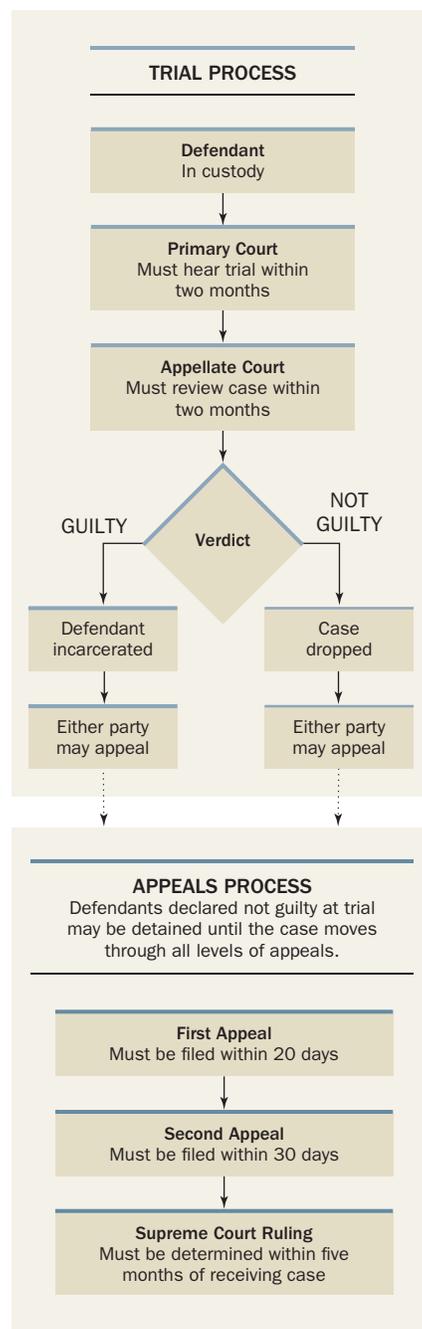
Afghan court trial procedures “rarely meet internationally accepted standards,” according to DoS, and the implementation of justice varies greatly depending on the area of the country.<sup>254</sup> Because there is no right to a jury trial under the Afghan Constitution, almost all verdicts are determined by judges. Although a defendant does have the right to appeal his or her case, DoS reported that these rights were not always applied within the courts. The severe shortage of defense attorneys makes it difficult for the Afghan courts to comply with the constitutional requirement that all defendants have the right to an attorney.<sup>255</sup>

Figure 3.31 illustrates the trial process in greater detail. According to DoS, if judicial personnel do not meet a filing date for a case, then the case is dropped. In March 2010, DoS reported that courts often did not meet the necessary deadlines.<sup>256</sup>

The Afghan Supreme Court is responsible for the national court system. Supreme Court members are appointed by the Afghan president with approval

FIGURE 3.31

AFGHAN TRIAL PROCEDURE



Source: DoS, “2009 Country Reports on Human Rights Practices: Afghanistan,” 3/11/2010.

from the Wolesi Jirga. Appellate court judges are recommended by the Supreme Court and approved by the Afghan president.<sup>257</sup>

DoS reported that the lack of qualified judicial personnel continues to hinder the development of the Afghan justice system. A substantial shortage of Afghan judges and prosecutors makes it difficult to handle the large volume of new and amended legislation within the country.<sup>258</sup>

In the 2009 DoS “Country Report on Human Rights Practices,” the Afghan Supreme Court reported that Afghanistan had only 77 judges in 2009, including 7 female judges.<sup>259</sup> However, in the 2008 edition of that report, the Supreme Court had reported that Afghanistan had 1,652 judges, including 189 women. Many representatives of the judicial community were said to lack legal training.<sup>260</sup>

SIGAR has issued three audits in the justice sector:<sup>261</sup>

- “Actions Needed for a More Strategic Approach to U.S. Judicial Security Assistance,” December 2009
- “Documenting Detention Procedures Will Help Ensure Counter-Narcotics Justice Center Is Utilized as Intended,” September 2009
- “Actions Needed To Resolve Construction Delays at the Counter-Narcotics Justice Center,” August 2009

## Afghan Corrections System and Prison Reform

As of March 11, 2010, according to DoS, Afghanistan’s Ministry of Justice Central Prison Directorate had 34 provincial prisons and 203 known district detention centers. DoS also reported 30 known juvenile rehabilitation centers. As of April 19, 2010, DoS had no official information on the number of facilities of the Afghan National Directorate of Security being maintained within Afghanistan or on the number of prisoners in these facilities.<sup>262</sup>



**A U.S. Army Staff Sergeant** fingerprints a detainee in Helmand. U.S. and international personnel are training Afghan prison staff in biometrics, including fingerprinting techniques. (U.S. Air Force photo, SSgt Christine Jones)

# GOVERNANCE

INL reported that the GIRoA has taken steps to improve prisons; however, conditions remain poor.<sup>263</sup> Most correctional facilities, particularly detention centers run by the Ministry of Interior, have been described as “decrepit, severely overcrowded, and unsanitary,” as reported by DoS. The facilities have not met international standards. Some common problems include the following:<sup>264</sup>

- inadequate food and water
- poor sanitation facilities
- insufficient blankets
- infectious diseases

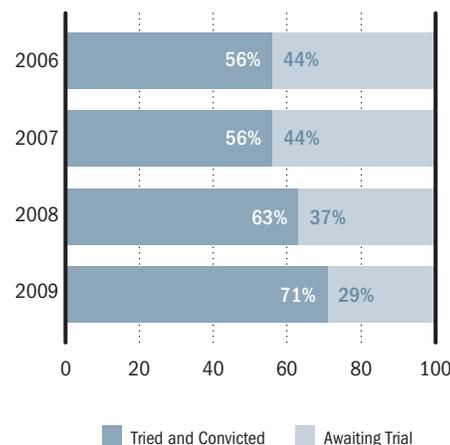
To improve conditions, the international community, led by the U.S. Corrections System Support Program (CSSP), has been providing training and mentoring programs for provincial prison staff.<sup>265</sup> This quarter, UNAMA observed that this assistance has helped to improve prison operations.<sup>266</sup> In March, DoS reported that the Ministry of Justice and the Central Prison Directorate are working to improve conditions for workers and prisoners, in an attempt to comply with international standards. Between 2006 and 2009, the number of detainees in Afghanistan increased from 9,604 to 14,857.<sup>267</sup> Figure 3.32 indicates a small but steady decline in the percentage of detainees imprisoned but awaiting trial.

INL reported several challenges that limit the ability of the GIRoA to improve prison facilities. Table 3.6 identifies the problems facing the GIRoA and those facing the United States as it assists the GIRoA in developing the prison system.

In January 2010, seven GIRoA institutions involved in criminal justice in Afghanistan signed a memorandum of understanding for detainees currently held in the detention facility in Parwan. According to the memorandum, the facility will be transferred to GIRoA control in 2012. At that time, the GIRoA will conduct investigations, trials, and prosecutions for these national security detainees.<sup>268</sup> In his quarterly report, the UN Secretary-General emphasized the importance of humane treatment and fair trial for all detainees.<sup>269</sup>

FIGURE 3.32

STATUS OF DETAINEES, 2006–2009



Sources: DoS, “2009 Country Reports on Human Rights Practices: Afghanistan,” 3/11/2010; DoS, “2008 Country Reports on Human Rights Practices: Afghanistan,” 2/25/2009; DoS, “2007 Country Reports on Human Rights Practices: Afghanistan,” 3/11/2008; DoS, “2006 Country Reports on Human Rights Practices: Afghanistan,” 3/6/2007.

TABLE 3.6

CHALLENGES TO AFGHAN PRISON REFORM	
Government Body	Challenge
GIRoA	Budgetary shortfalls
	Severe overcrowding in most prison facilities
	Lack of capacity
	Lack of infrastructure to separate insurgent inmates from common criminals in most facilities
United States	Difficulties in expanding the CSSP program into new provinces
	Security

Sources: INL, response to SIGAR vetting, 4/19/2010.

Traditionally, children younger than six often lived in prison with their mothers. DoS reported that this practice has occurred less often in recent years under the authority of the Central Prison Directorate. Now children of imprisoned mothers often live at the Children's Center Home in Kabul, which is operated by a local non-governmental organization called Women for Afghan Women.

Source: DoS, "2009 Country Reports on Human Rights Practices: Afghanistan," 3/11/2010, accessed online 3/18/2010.

## Treatment of Prisoners and Detainees

According to DoS, although the use of torture has been reported throughout the law enforcement system, police officers are the perpetrators named most often.<sup>270</sup> The Ministry of Women's Affairs has expressed concerns about the treatment of prisoners. According to DoS, the ministry has reported that law enforcement officials frequently rape female detainees and prisoners.<sup>271</sup> In addition, the Afghanistan Independent Human Rights Commission (AIHRC) has reported mistreatment of children in detention centers, noting that they are often exposed to physical abuse. The International Committee of the Red Cross confirmed the poor conditions for children in these centers, reporting that juvenile detainees were mistreated and threatened throughout 2009.<sup>272</sup>

## U.S. Corrections System Support Program

The goal of the CSSP is to assist the GIRoA in creating a safe, organized, and modern prison system capable of housing and rehabilitating prisoners in the justice system.<sup>273</sup> INL reported that most CSSP programming is still conducted ad hoc; these programs include education training in four women's prisons, development of the prison industry in two provincial prisons, and educational and recreational support in two provincial prisons. A renovation of an industrial building at another prison is also planned. INL reported that in the future, programs will continue to respond to specific prison facility needs; however, the CSSP is planning to focus most of its efforts on prison industry and on vocational and educational training.<sup>274</sup>

In addition to the 33 team members working across provinces, the CSSP expanded this quarter to include a 15-member team focused on deradicalization, reintegration, and rehabilitation, with an emphasis on inmates who are connected with the insurgency. The CSSP also added a juvenile detention advisor to the team this quarter; INL reported that the advisor was added because the CSSP is planning to expand support to the Afghan Juvenile Rehabilitation Directorate, which oversees all juvenile rehabilitation centers for the Ministry of Justice.<sup>275</sup>

The CSSP is supporting the implementation of a case management system for Afghan prisons. The system would help the Central Prison Directorate track information about prisoners, including the types of crimes committed. As of April 19, 2010, INL reported that 6,388 case files had been reviewed under the case management system.<sup>276</sup>

Also this quarter, the CSSP is supporting a prison biometric initiative, led jointly by INL and the U.S. Federal Bureau of Investigation. The initiative is based in the Pol-i-Charkhi prison in Herat and the Sarposa prison in Kandahar. As of April 19, 2010, approximately 6,700 inmates and 99 staff members were enrolled. The CSSP is providing logistical support, collaborating with the Central Prison Directorate, and assisting the Federal Bureau of Investigation in conducting training for prison staff in fingerprinting techniques.<sup>277</sup>

## Anti-Corruption

Corruption continues to be a serious concern in Afghanistan, according to the UN Secretary-General.<sup>278</sup> USAID reported that corruption in Afghanistan exists on two levels: corruption of lower-level government officials and corruption of senior-level officials and their political allies or extended families.<sup>279</sup> Lower-level corruption has been encouraged by the limited supply of some goods. According to USAID, the lack of improvement in government salaries can tempt government officials to seek illegal income.<sup>280</sup>

USAID reported that senior-level corruption is particularly prevalent in the construction and security industries. In both industries, the investment structure supports contracting with a limited pool of firms. Contract awards are often controlled by upper-level officials in the GIROA or the National Assembly, which can also lead to corruption.<sup>281</sup>

As noted in SIGAR's January 2010 quarterly report, Transparency International ranked Afghanistan's perceived corruption as the second worst in the world (179 of 180 countries ranked) in 2009.<sup>282</sup> This is a lower ranking than Afghanistan received in 2008, when it was ranked 176 of 180.<sup>283</sup> DoS pointed out that the Transparency International ranking is not the only corruption indicator. Data collected by the Asia Foundation showed that the number of Afghans who dealt with corruption in their daily lives was fairly constant between 2006 and 2009.<sup>284</sup>

In an audit report issued April 9, 2010, SIGAR reviewed the strength of the Afghanistan Control and Audit Office (CAO), the office responsible for auditing the government's financial matters. SIGAR found that the CAO's weak legislative framework does not provide it with sufficient independence or authority to serve effectively as Afghanistan's supreme audit institution.<sup>285</sup> For SIGAR's recommendations and details on the audit findings, see Section 2.

At the London conference, the GIROA pledged to improve anti-corruption efforts in 2010. Improving efforts would include taking the following action:<sup>286</sup>

- issuing a decree that will give the High Office of Oversight (HOO) the power to investigate and sanction corrupt officials
- establishing a statutory basis for anti-corruption bodies, including the Major Crimes Task Force and the Anti-Corruption Tribunal, as a means of guaranteeing their long-term independence
- enhancing the effectiveness of the senior civil service appointments and vetting process and revising the civil service code
- adopting a legislation agenda to make Afghan laws consistent with the UN Convention Against Corruption, including the Anti-Corruption Penal Code, which is expected to expand provisions related to asset declaration

In March 2010, President Karzai issued a decree that criminalized political interference and obstruction of justice. The decree also greatly expanded the powers of the HOO, as the GIROA had pledged to do.<sup>287</sup>

Also at the London conference, the GIROA agreed to invite Afghan and other anti-corruption experts to participate in an ad hoc monitoring and evaluation mission. The mission will make its first monitoring visit before the end of April 2010. Its purpose will be to develop clear and objective benchmarks for progress

“President Karzai’s inaugural address highlighted the need to significantly reduce corruption by improving the legitimacy, transparency, and accountability of government officials and institutions. His words must now be matched with action.”

—U.S. *Afghanistan and Pakistan Regional Stabilization Strategy*

Source: DoS, “Afghanistan and Pakistan Regional Stabilization Strategy,” 1/21/2010, p. 7.

**In response to GIROA commitments made at the London conference, the international community has pledged to support anti-corruption measures, including these two:**

- **work with proposed GIROA anti-corruption organizations to review procedures and investigate instances of corruption that involve non-Afghans**
- **work with the GIROA to improve procurement processes, including establishing additional measures to ensure due diligence in international contracting procedures**

Source: London Conference on Afghanistan, “Communiqué,” 1/28/2010.

TABLE 3.7

PROPOSED U.S. ANTI-CORRUPTION STRATEGY PILLARS	
Pillar	Pillar Goals
First	Help the GIRoA improve the transparency and accountability of its institutions to reduce corrupt practices.
Second	Help the GIRoA improve financial oversight.
Third	Help the GIRoA build judicial capacity to investigate, prosecute, punish, and/or remove corrupt officials from power.
Fourth	Help the GIRoA and civil society organizations educate and empower the public to participate in transparent and accountable governance.

Source: U.S. Embassy, "U.S. Government Anti-Corruption Strategy for Afghanistan," 2009, pp. 10–11.

and prepare periodic reports on national and international activity for the Afghan president, the National Assembly, and the Afghan people, as well as the international community.<sup>288</sup>

## U.S. Support for Anti-Corruption Efforts

The proposed U.S. anti-corruption strategy for Afghanistan focuses on supporting Afghan efforts to fight corruption in coordination with the international community. According to the U.S. Embassy Kabul, corruption weakens the U.S. counter-insurgency effort by undermining security, development, and rule of law objectives; challenging the legitimacy of the GIRoA; and supporting Afghanistan's illicit drug trade.<sup>289</sup> Table 3.7 identifies the four pillars of the proposed strategy, which work in concert with international anti-corruption policies.<sup>290</sup>

U.S. support for such efforts in the past has included the creation of several anti-corruption institutions, including the Major Crimes Task Force, the Anti-Corruption Unit of the Office of the Attorney General, and the Anti-Corruption Tribunal. The U.S. government has also endeavored to provide support for the HOO since its establishment in 2008.<sup>291</sup> DoS reported that expanded U.S. support is planned for the Anti-Corruption Unit, the Major Crimes Task Force, the Criminal Justice Task Force, and the HOO, among others.<sup>292</sup>

## ANTI-CORRUPTION UNIT

The Anti-Corruption Unit resides within the Afghan Attorney General's office. According to the new U.S. strategy, U.S. goals related to the Anti-Corruption Unit are to "strengthen the audit and oversight capabilities of the Attorney General's office."<sup>293</sup> Most U.S. assistance to the Unit comes through INL. As of April 6, 2010, INL had assisted the Unit in prosecuting two cases this year; both prosecutions resulted in incarceration. INL is assisting the Unit with 30 additional indictments. INL plans to provide the Unit with salary supplements, technical assistance, and an administrative support unit.<sup>294</sup>

**According to USAID, corrupt government officials play an important role in supporting the illegal narcotics industry in Afghanistan.**

Source: USAID, response to SIGAR data call, 4/8/2010.

## **MAJOR CRIMES TASK FORCE**

The Major Crimes Task Force, operating within the Ministry of Interior, is composed of special investigators from the ministry, the National Directorate of Security, and the Anti-Corruption Tribunal. The task force has been operational only since January 2010. According to DoS, although the task force has not yet registered any indictments or convictions, it is conducting several active investigations and has made a number of high-profile arrests.<sup>295</sup>

The U.S. government supports the Major Crimes Task Force through INL, the Department of Justice, and DoD. INL provides technical, financial, and advisory support for the task force, working closely with the Federal Bureau of Investigation, the Department of Justice, and DoD to identify additional needs.<sup>296</sup>

## **CRIMINAL JUSTICE TASK FORCE**

According to DoS, INL provides support for the Criminal Justice Task Force, which focuses on narcotics and narcotics-related corruption. The task force also works to provide those arrested with fair and open trials. U.S. support is primarily financial; funding is provided to train senior federal prosecutors and experienced law enforcement officers.<sup>297</sup>

## **HIGH OFFICE OF OVERSIGHT**

In July 2008, President Karzai established the HOO to oversee and coordinate national anti-corruption efforts, in accordance with requirements under the Afghanistan National Development Strategy.<sup>298</sup> The HOO oversees corruption prevention, planning and implementation of anti-corruption efforts, and investigations and prosecutions.<sup>299</sup>

In December 2009, SIGAR published an audit report of its review of the institutional development of the HOO, its capabilities and performance, and U.S. and international support for the office.<sup>300</sup> For details, see SIGAR's January 2010 quarterly report ([www.sigar.mil](http://www.sigar.mil)).

This quarter, USAID reported that it is finalizing a \$30 million, three-year program to support the HOO; it plans to launch the program by mid-2010. The program is expected to assist the HOO in completing the following tasks:<sup>301</sup>

- developing and implementing effective institutional planning and development
- carrying out duties in priority areas, such as asset registration and verification, complaints management, and case tracking
- establishing a sub-regional presence
- creating a public awareness campaign
- helping refurbish the necessary physical space for the HOO

## **HUMAN RIGHTS**

On March 11, 2010, DoS issued its annual report on human rights, in which it said that the human rights record in Afghanistan “remained poor.”<sup>302</sup> The report described a wide range of human rights abuses in Afghanistan. They include

**Refugee:** The Office of the United Nations High Commissioner for Refugees (UNHCR) uses the definition created by 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.”

**Internally Displaced Person:** UNHCR defines internally displaced persons as follows: “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.”

Sources: UNHCR, “Refugees,” accessed online 3/22/2010; UNHCR, “Internally Displaced Persons,” accessed online 3/22/2010.

“extrajudicial killings, torture, poor prison conditions, official impunity, prolonged pretrial detention, restrictions on freedom of the press, restrictions on freedom of religion, violence and societal discrimination against women, restrictions on religious conversions, abuses against minorities, sexual abuse of children, trafficking in persons, abuse of worker rights, the use of child soldiers in armed conflict, and child labor.”<sup>303</sup>

## Refugees and Internally Displaced Persons (IDPs)

According to DoS, Afghanistan has had one of the largest populations of repatriated **refugees** in the world for the last 30 years. Since 2002, more than 5 million Afghan refugees have returned to the country; 4.4 million of those returning received assistance from the UN High Commissioner for Refugees (UNHCR).<sup>304</sup> As of April 20, 2010, no new data was available on the overall number of Afghan refugees still residing outside Afghanistan.

On March 24, 2010, the government of Pakistan endorsed a new Strategy for the Management of Afghans in Pakistan, which entails issuing new Proof of Registration cards for Afghan refugees that will be valid until 2012. The new strategy also extends the gradual repatriation agreement between the UNHCR, Pakistan, and Afghanistan for another three years.<sup>305</sup>

The following day, March 25, the Pakistani government extended the validity of recently expired refugee registration cards for more than 1.7 million Afghan refugees. According to the UN, Pakistan has been registering Afghan refugees since 2006 and maintains the largest refugee population of any country in the world.<sup>306</sup>

The UN estimates that there are about 296,000 **internally displaced persons** (IDPs) in Afghanistan. Displacement continues, especially in conflict areas in the south and west.<sup>307</sup> In March 2010, DoS reported that approximately 62,000 Afghans were newly displaced in 2009.<sup>308</sup> Table 3.8 lists some of the events that caused the increase.

TABLE 3.8

RECENT EVENTS THAT CONTRIBUTED TO IDP POPULATION IN AFGHANISTAN, 2009	
Event	Number of IDPs created
Insecurity and violence caused by armed conflict in region of origin	45,000 individuals
Tribal, ethnic, or land disputes	9,900 individuals
Drought	6,600 individuals
Nangarhar earthquakes (4/17/2009)	650 families <sup>a</sup>

a. No individual data reported.

Source: DoS, “2009 Country Reports on Human Rights Practices: Afghanistan,” 3/11/2010.

## Gender Equity

DoS has identified women's empowerment as an issue "inextricably linked" with the strengthening of security, improved economic opportunity, effective governance, and social development.<sup>309</sup> On January 29, 2010, DoS revealed a new Women's Action Plan for Afghanistan. The new plan will focus on bolstering existing programs and initiating new ones, to support seven objectives to improve conditions for women:<sup>310</sup>

- improve women's and girls' access to education
- support women's security and the institutions that serve women
- encourage women's leadership development in public and private sectors
- promote women's access to formal and informal justice mechanisms and enforce existing laws and the constitutional guarantee of equality
- improve women's and girls' access to health care
- strengthen existing activities to support and expand economic development opportunities for women
- increase women's political empowerment and participation

In observance of International Women's Day 2010 (March 8), the AIHRC issued a statement which conveyed concern about the state of women's rights in Afghanistan. It attributed many of the challenges within the country to illiteracy and to limited education about human rights. According to the AIHRC, 60% of girls are deprived of education. It also reported that at least two female social activists were murdered in 2009, and no one has yet been prosecuted for the crimes.<sup>311</sup>

According to INL, the CSSP gender advisor worked with the Central Prison Directorate to plan special events for female prisoners this quarter, including a celebration for International Women's Day.<sup>312</sup>

## Religious Freedom in Afghanistan

As noted in SIGAR's January 2010 report, the Afghan Constitution establishes Islam as the religion of the state; it also requires that non-Muslim citizens be permitted to practice their religions within the legal guidelines of peace and public decency. However, the Constitution also states that no law can be created that is contrary to the provisions and beliefs of Islam. According to DoS, the constitutional requirement that allows non-Muslims to practice religion freely is not respected in practice.<sup>313</sup>

Public school curriculum contains Islamic beliefs, in accordance with Article 45 of the Afghan Constitution. Non-Muslims are not required to take part in the study of Islam, and parental religious instruction is not required by law. However, because non-Muslims face continued harassment and social oppression, they often choose to be discreet about their non-Muslim status. In March 2010, DoS reported that the Afghan Ministry of Education had opened special schools for Hindu and Sikh children in three provinces: Ghazni, Helmand, and Nangarhar.<sup>314</sup>



**Afghan women learn** to package harvested saffron from members of the Agribusiness Development Team in Panjshir. The team is conducting training programs designed to empower women. (U.S. Army photo, SGT Jo Lisa Ashley)

**The GIROA assumes that all citizens born in Afghanistan are Muslim. Under Islamic law, conversion from Islam to another religion is punishable by death.**

Source: DoS, "2009 Country Reports on Human Rights Practices: Afghanistan," 3/11/2010.



## ECONOMIC AND SOCIAL DEVELOPMENT

During this quarter, two important events strengthened the policy framework for U.S. economic and social development projects in Afghanistan. The Afghanistan and Pakistan Regional Stabilization Strategy released in January 2010 included specific initiatives and milestones for the civilian surge announced by U.S. President Barack Obama.<sup>315</sup> And participants at the January 2010 London conference—including the United States—reaffirmed their commitment to provide long-term support for Afghanistan and its transition to full Afghan leadership.<sup>316</sup>

Donors at the conference agreed with the plan of the Government of the Islamic Republic of Afghanistan (GIROA) to increase domestic revenues and accelerate progress in agriculture, human resources, and infrastructure. Donors also supported, in principle, the goal of increasing the amount of international assistance channeled through GIROA ministries to 50% of the total, if additional reforms are made and measures are taken to deter corruption.<sup>317</sup> According to the Afghan Ministry of Finance (MoF), approximately 80% of all such assistance bypasses the central government and is delivered through other entities.<sup>318</sup>

### ECONOMIC GROWTH

Economic growth is key to achieving the U.S. goal of creating more job opportunities for Afghans. According to recent estimates from the International Monetary Fund (IMF), Afghanistan's real gross domestic product (GDP) is projected to grow by a healthy 15% for the year ending March 31, 2010, due largely to record agricultural production.<sup>319</sup> In his quarterly report to the United Nations (UN) Security Council, the UN Secretary-General noted that an additional factor contributing to this growth was an estimated 61% increase in the amount of goods and services procured locally by international donors.<sup>320</sup>

In January 2010, the IMF estimated that growth in Afghanistan will remain positive and average about 7% annually over the next five years. This scenario assumes the following:<sup>321</sup>

- continued macroeconomic stability
- improvements in security, governance, and capacity building
- financial sector reform
- higher revenue collection
- privatization of some public enterprises
- development of the mining sector

The Paris Club is an informal forum of official creditors who meet to coordinate their efforts to solve the payment difficulties faced by debtor countries. The 19 permanent members are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, Norway, the Russian Federation, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

Source: The Paris Club, "FAQs," accessed online 4/20/2010.

**PRGF:** an IMF program that provides low-cost loans to the world's poorest countries and assists them in making growth and poverty reduction central components of government policy and spending

Source: IMF, Fact Sheet, "The Poverty Reduction and Growth Facility (PRGF)," 7/2009.

To strengthen its economic growth, Afghanistan participates in a number of programs sponsored by the IMF, the World Bank, the Asian Development Bank, and the Paris Club. These organizations provide debt relief, loans to the government at favorable rates, and technical assistance in financial management, among other services. They also provide key benchmarks to measure the outcomes of structural reforms and development assistance.<sup>322</sup>

## Fiscal Policies under the PRGF

Since mid-2006, the GIROA has been implementing an economic growth program under the IMF's Poverty Reduction and Growth Facility (PRGF).<sup>323</sup> As noted in the IMF's sixth review under the PRGF, Afghanistan has made economic progress despite a difficult environment. Inflation has been volatile but remains low, key structural reforms have been implemented, monetary policy has been successful, and revenue collection has improved.<sup>324</sup> The IMF pointed out, however, that although Afghanistan has made progress increasing revenue collection, much remains to be done to reach the point of fiscal sustainability.<sup>325</sup> As of January 28, 2010, approximately 90% of Afghanistan's national budget is financed externally through resources other than domestic revenue collected by the government.<sup>326</sup> The IMF review noted that the GIROA planned to increase domestic revenue collection in 2009/2010 to 8.1% of GDP, or approximately Af 54.5 billion (approximately \$1.13 billion). This is roughly comparable with its original 2009/2010 target of 7.3% of GDP. It also compares favorably with revenue collections over the past two years, which have averaged approximately 6.9% of GDP. The IMF noted, however, that reaching this goal depends upon the GIROA's ability to fully implement new tax and customs regimes.<sup>327</sup>

According to the U.S. Department of the Treasury (Treasury), there has been a shift in sources for domestic revenue collection in Afghanistan. In 2003–2004, 54% of GIROA revenue came from customs fees. By 2009–2010, that share had declined to 34%, while 46% of total domestic revenue came from direct taxes on corporations, income, and capital gains. The remaining 20% came from non-tax levies, such as mining royalties, licensing, and aviation fees.<sup>328</sup>

A background paper that the World Bank prepared for the London conference however, noted that increased security spending, which currently accounts for 40% of GIROA operating expenditures, is straining Afghanistan's budget. As a result of this and other factors, the IMF estimates that domestic revenues will not equal government expenditures until 2023.<sup>329</sup>

## Debt Relief

On January 26, 2010, the boards of the World Bank–International Development Association (IDA) and the IMF agreed to support \$1.6 billion in debt relief for Afghanistan. In making this agreement, the IDA and IMF agreed that Afghanistan had undertaken the structural reforms necessary to reach the "Completion Point" under the enhanced Heavily Indebted Poor Countries

(HIPC) initiative.<sup>330</sup> Reaching the Completion Point marks the end of a process that will eventually result in the cancellation of 96% of the total debt inherited by Afghanistan's current government.<sup>331</sup> As part of this process, all of Afghanistan's Paris Club creditors—including the United States—announced the cancellation of 100% of the debt Afghanistan owed to them.<sup>332</sup>

In a background paper recommending approval of the \$1.6 billion in debt relief, IMF and IDA staff noted that the GIROA had demonstrated progress in carrying out a number of HIPC-related structural reforms, including the following:<sup>333</sup>

- maintaining a stable macroeconomic environment
- strengthening public financial management
- initiating mining sector reforms
- improving transparency and accountability in health and education
- enhancing debt management
- aligning public spending priorities with the Afghan National Development Strategy

The IMF/IDA staff noted, however, that the GIROA had not yet reached the HIPC goals for pension reform and the restructuring of four key service-delivery ministries.<sup>334</sup> The four ministries are Agriculture, Education, Public Health, and Rural Development. In particular, the human resources departments in the four target ministries are not expected to be fully staffed and operational until sometime in 2010. Furthermore, implementation of the second phase of pay and grade reforms in the four ministries is not scheduled to be completed until an unspecified time this year.<sup>335</sup> Highlighting other capacity challenges, the review pointed out that the Debt Management Unit of the MoF was recently expanded from two to five people, but that the staff receives considerable assistance from a U.S. Treasury advisor, and staff retention is difficult.<sup>336</sup>

Finally, the IMF/IDA staff emphasized the need to speed up implementation of the public financial management and public administration reform programs, as well as to escalate the fight against corruption.<sup>337</sup>

## Strengthening Budget Execution

London conference donors acknowledged in principle the need to increase the amount of assistance channeled through GIROA ministries if the GIROA implements further reforms and steps up the fight against corruption. Indeed, one of the goals of the U.S. stabilization strategy is to channel approximately 40% of U.S. government assistance through the Afghan government and local Afghan non-governmental organizations by December 2010.<sup>338</sup>

According to a background paper the World Bank prepared for the London conference, channeling aid directly to the GIROA faces a number of obstacles. A major one is the inability of the GIROA's budgetary systems to absorb additional resources and spend them efficiently and effectively: GIROA budget expenditures equivalent to 9% of the country's GDP fail to be disbursed each year. In fact, the Bank noted that the budget execution rate fell from 54% in 2007/2008 to 43% in

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**HIPC:** a program developed jointly by the IMF and the World Bank to significantly reduce the external debt of poor countries, provided that they show a strong track record of structural and fiscal reform. The Completion Point refers to the point at which a country receives most of its HIPC assistance, which is linked to the implementation of key structural reforms.

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Sources: IMF, Fact Sheet, "Debt Relief Under the Heavily Indebted Poor Countries (HIPC) Initiative," 2/18/2010; IMF, "IMF Financial Activities – Update March 11, 2010," accessed online 3/16/2010.

2008/2009.<sup>339</sup> This quarter, Treasury also reported that executing the development side of the GIROA's budget is a particular challenge. In fact, 90% of the operating budget is disbursed on time, but only 40% of the development budget is spent in a timely manner.<sup>340</sup>

The Bank also noted that the lack of transparency and accountability in expenditure management is another major factor contributing to donor resistance to delivering assistance through GIROA systems. In the background paper, the Bank identifies several actions that could strengthen transparency and accountability, including the following:<sup>341</sup>

- making progress on the Verified Payroll Program
- carrying out more internal and external audits
- improving the procurement process
- implementing the Afghanistan Financial Management System at the provincial level

In terms of audits, however, Treasury reported this quarter that Afghanistan's Control and Audit Office (CAO) appears to be deferring or declining some audit-related activities, and that Treasury is engaging with authorities to improve the CAO.<sup>342</sup> This quarter, SIGAR completed a review of the CAO, which found that the CAO's legislative framework does not provide the CAO with sufficient independence or authority to serve effectively as Afghanistan's top audit agency. For information on SIGAR's audit of the CAO, see Section 2.

## Building Economic Capacity

The lack of a unified donor approach to training Afghan civil servants is an obstacle to progress, according to a strategy paper of the UN Assistance Mission in Afghanistan (UNAMA). The Afghan Civil Service Institute (CSI), however, has proposed to develop a curriculum for GIROA civil servants based on five key competencies: financial management, procurement, human resources, project management, and policy development. The CSI proposes to teach this curriculum to approximately 16,000 civil servants in 32 provinces. The UNAMA strategy paper called on all international donors to use the CSI curriculum in their training programs for Afghan civil servants, so that identical competencies will be developed throughout the country.<sup>343</sup>

To address the need for a consistent approach, the U.S. Agency for International Development (USAID) signed an \$84 million agreement with the CSI on February 22, 2010, to support the CSI's program to train Afghanistan's civil servants at all levels.<sup>344</sup>

In another capacity-related development this quarter, the first 48 Afghan students graduated from the Afghan National Customs Academy. Supported by the U.S. and Canadian governments, the World Bank, and the European Commission, the Academy provides a 12-month customs training curriculum and aims to graduate 150 to 200 trained professionals in the near term to staff the Afghan Customs Department.<sup>345</sup>

## Banking

One of the economic development goals of the U.S. stabilization strategy is to extend lending to vulnerable Afghan regions and groups through credit unions, commercial banking systems, and non-bank financial systems. Reflecting the strategy's emphasis on agriculture, the strategy prioritizes initiatives that promote the rural economy through agro-processors, distributors, buyers, agricultural cooperatives, traditional lending, and mobile banking.<sup>346</sup>

From September 2006 to December 2009, USAID funded the Agriculture, Rural Investment, and Enterprise Strengthening Program in Afghanistan. According to USAID, the program disbursed more than \$130 million in loans to micro, small, medium, and larger enterprises throughout the country.<sup>347</sup>

As a follow-up, USAID awarded a \$60.5 million grant to the World Council of Credit Unions to expand financial services in southern and eastern Afghanistan over the next three years. According to the Council, the goal of this program is to expand access to financial services for small and medium business owners, farmers, low- and medium-income households, and women. As part of this program, the Council hopes to establish Afghanistan's first national association for Islamic investment and finance cooperatives.<sup>348</sup>

Other international donors are supporting access to rural credit in Afghanistan. For example, this quarter the World Bank announced a \$30 million IDA grant to support the GIRA's new Afghanistan Rural Enterprise Development Program. Other contributors to this initiative include the United Kingdom (\$23 million) and Denmark (\$2 million). According to the World Bank, one of the goals of this program is to establish 13,000 savings groups, 6,500 enterprise groups, and 1,300 village and savings loan associations to help Afghan farmers.<sup>349</sup>

## Employment: Afghan First and Cash-for-Work Programs

A key part of the stabilization strategy is building Afghan capacity, not only by strengthening the Afghan civil service but also by increasing the number of Afghans employed under U.S. reconstruction contracts through the Afghan First initiative.<sup>350</sup> According to the USAID Administrator, the employment of Afghans under USAID contracts has increased significantly—from approximately 3,000 last year to approximately 26,000 as of April 11, 2010.<sup>351</sup>

In addition, USAID funds smaller reconstruction projects that provide short-term employment for vulnerable Afghans. According to the most recent National Risk and Vulnerability Assessment (NRVA), 280,000 Afghans participated in cash-for-work or food-for-work programs in solar year 1386 (2007/2008). Another 224,000 Afghans participated in either a food-for-work or food aid program.<sup>352</sup>

USAID's Afghanistan Vouchers for Increased Productive Agriculture program is the largest provider of cash-for-work programs in the country, according to the U.S. Department of State (DoS).<sup>353</sup> The budget for the program is in flux, but as of March 25, 2010, DoS reported that it was approximately \$36 million.<sup>354</sup> DoS further noted that as of May 24, 2010, approximately 28,513 Afghan workers in Kandahar and Helmand have been or will be paid a range of \$5 to \$6 per

day under the program.<sup>355</sup> In addition, DoS reported that two of its alternative development programs provided short-term employment for an additional 8,810 Afghans in Badakhshan, Baghdis, Balkh, Kunar, Laghman, and Nangarhar provinces (as of February 16, 2010) and 2,172 in Farah and Uruzgan provinces.<sup>356</sup>

Although these programs provide a short-term solution, some officials have called for a long-term program to provide job skills for young people who cannot access Afghanistan's post-secondary institutions. The UNAMA strategy paper, for example, urged the GIROA to make the drafting of a national plan for vocational education a priority. It noted that Afghanistan's existing public technical training institutes can accommodate only a few thousand students.<sup>357</sup>

## **DELIVERING ESSENTIAL SERVICES**

To deliver services more effectively, the GIROA has announced its intention to restructure 13 key service-delivery ministries into 3 cross-cutting clusters: 1) agriculture and rural development, 2) human resource development, and 3) infrastructure and economic development. Each cluster will have a lead minister, and the MoF will provide support for each cluster. According to the UN Secretary-General, specific plans for each cluster are scheduled to be presented at the Kabul conference later this year.<sup>358</sup>

During this quarter, USAID signed a memorandum of understanding with the GIROA that committed \$20 million to the Afghan-led District Development Program.<sup>359</sup> The goal of this inter-ministerial initiative is to strengthen the capacity of local government to deliver basic health, education, and agricultural services, among others. The funding will assist the MoF in paying the salaries and operating expenses of the program.<sup>360</sup>

## **Energy**

A key energy goal of the U.S. stabilization strategy is to bring online approximately 1,500 MW of electricity generation and transmission capacity by 2013 (from 389 MW in April 2009).<sup>361</sup> To help meet this challenge, the strategy emphasizes rehabilitating major energy infrastructure—including the Kajaki Dam, the Darunta Dam, and the Sheberghan gas generation plant—and expanding the use of renewable energy systems for 300 communities.<sup>362</sup> Table 3.9 provides more information on major energy infrastructure projects and the estimated costs to maintain them once completed.

### **Electricity Production**

Major trends this quarter included an update on Afghanistan's increasing reliance on imported electricity and the GIROA's efforts to foster regional energy cooperation.

### **RECENT PRODUCTION TRENDS**

The most recent data from the Afghan Electricity Information Center shows a clear trend toward imported electricity. Domestic generation from hydropower

# ECONOMIC AND SOCIAL DEVELOPMENT

TABLE 3.9

STATUS OF SELECTED ENERGY INFRASTRUCTURE PROJECTS				
Name	Scope of Work	Cost Data/ Estimates	Status	Ownership and Maintenance
Kajaki Dam	Rehabilitate and expand the capacity of the Kajaki Hydro Power Plant, a key installation providing power to Kandahar and Helmand. <sup>a</sup>	Consideration being given to using CERP funds to maintain security at site until conditions improve.	Work suspended in 10/2009 due to security conditions; work will resume when security conditions improve.	Public facility; owned by Da Afghanistan Breshna Sherkat Bank; estimated cost to maintain once completed is \$600,000 a year.
Darunta Dam	Increase generating capacity by 3.85 MW, replace and repair critical equipment, train Afghan staff to operate plant.	\$9,863,222	Original completion date was 1/31/2010; extension granted until 10/31/2010.	Public facility; owned by Da Afghanistan Breshna Sherkat Bank; estimated cost to maintain once completed is \$450,000 a year.
Sheberghan Gas Generation Plant	Complete feasibility study for 100–150 MW gas-fired private plant to be developed in Jowzjan.	\$5,375,100	Estimated completion date is 6/2011; currently on schedule.	Private, if and when plant is built.

a. For a discussion of this project, see SIGAR's January 2010 quarterly report.  
Source: DoS, response to SIGAR data call, 4/6/2010.

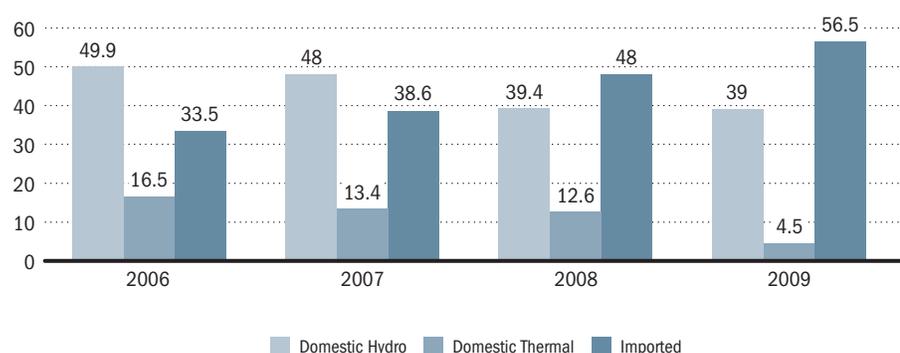
and thermal sources dropped steadily from 2006 to 2009. Imports increased substantially during the same time period; in fact, imports accounted for more than half of Afghanistan's total electricity supply in 2009, as shown in Figure 3.33.<sup>363</sup>

## REGIONAL ENERGY COOPERATION

Reflecting its increasing reliance on imported electricity, Afghanistan is strengthening energy cooperation with its neighbors. For example, during this quarter a publication of the North Atlantic Treaty Organization (NATO) reported that Afghanistan and Tajikistan signed an agreement to enhance bilateral energy cooperation, focusing on power lines connecting the two countries.<sup>364</sup> In February 2010, construction began on a 220-kilovolt transmission line that will carry electricity from Tajikistan to Afghanistan.<sup>365</sup> Afghanistan is also involved

FIGURE 3.33

### DOMESTICALLY PRODUCED AND IMPORTED ELECTRICITY, 2006–2009 (PERCENT)



Source: USAID, Afghanistan Energy Information Center, "Power Production and Supply Statistics," accessed online 3/22/2010.

**Liquefied petroleum gas (LPG), commonly referred to as propane, is a mixture of several naturally occurring gasses that becomes liquid when exposed to moderately high pressures. LPG is interspersed in natural gas and petroleum deposits. It is the most widely used alternative fuel in the world.**

Source: DoE, Office of Energy Efficiency and Renewable Energy, "Just the Basics: Liquefied Petroleum Gas," 8/2003, p. 1.

in efforts to create the Central Asia South Asia Transmission and Trade Project (CASA-1000), which will enable Kyrgyzstan and Tajikistan to export electricity to Afghanistan and Pakistan.<sup>366</sup> In addition, Uzbekistan reportedly expects to increase its electricity exports to Afghanistan this year by an estimated 15%.<sup>367</sup>

## Natural Gas, Oil, and Other Fuels

This quarter, the Ministry of Commerce and Industries (MoCI) announced plans to privatize the state-owned Fuel and Liquid Gas Enterprise (FLGE).<sup>368</sup> Previously, in a letter to the IMF, the MoF and the Da Afghanistan Bank stated that the FLGE would be audited.<sup>369</sup> The MoCI commissioned an independent audit of the FLGE and formally transmitted it to the government last year.<sup>370</sup>

In another development this quarter, the Asian Development Bank announced an \$8 million investment in Sungas LLC, a private Afghan-owned company that is building a nationwide liquefied petroleum gas (LPG) storage and distribution network in Afghanistan. Sungas plans to invest \$58.2 million in Afghanistan through 2019 to build LPG storage and refilling centers in five Afghan cities. The goal of the project is to import LPG from Turkmenistan and Uzbekistan. It will be transported by tanker truck, because construction of a pipeline is not yet economically feasible.<sup>371</sup>

## Transportation

Key events tracked this quarter included upgrading the radar system at Kabul International Airport, the transition to GIROA control of significant aviation infrastructure, and an update on the Ring Road and regional railroad construction.

## Civil Aviation

According to the U.S. Embassy Kabul, flights into Kabul International Airport increased from 20 per day in 2001 to 300 per day in February 2010, and a further increase in air traffic is expected this year. To expand capacity at the airport, a USAID-funded state-of-the-art radar system was installed by the U.S. Federal Aviation Administration this quarter. The new system doubles the range of local air traffic control and will enable the airport to operate 7 days a week, 24 hours a day in all but the most extreme weather. As part of this upgrade, DoS reported, 11 Afghan air traffic controllers and 6 Afghan maintenance technicians were trained. The Deputy Administrator of the Federal Aviation Administration further noted that the U.S. government will continue to provide training in these skills for Afghan students until at least 2011.<sup>372</sup>

During this quarter, the International Security Assistance Force (ISAF) turned over its Kabul Airport South facilities to the Ministry of Transport and Civil Aviation.<sup>373</sup> Additionally, a \$30 million, 3,000-meter runway funded by NATO was opened at Mazar-e Sharif Airport. The new runway will enable international flights to use the facility. The airport will be used as a hub for NATO troops; officials hope it will also provide a boost to local trade and economic development.<sup>374</sup>



**U.S. Ambassador** Karl Eikenberry learns about the new state-of-the-art radar system at Kabul International Airport. (U.S. Embassy Kabul photo)

TABLE 3.10

RING ROAD: DONOR-FUNDED REPAIRS TO REMAINING MAJOR PORTIONS			
Road	Donor	Funding Pledged	Current Status
Armalik to Laman (50 km)	Saudi Fund for Development	\$30 million; an additional \$16.5 million needed.	Contract under award; completion period will be approximately 18 months.
Doshi to Pul-i-Khomri (50 km)	Islamic Development Bank	\$20 million	Scheduled completion date is 6/2011.
Laman to Bala Murghab (143 km)	Asian Development Bank	\$134 million	Scheduled completion date is 6/2013 to 7/2013.

Source: DoS, response to SIGAR data call, 4/6/2010.

## Ring Road Update

The U.S. government has spent approximately \$505 million on the Ring Road, according to DoS. Other donors have spent approximately \$743 million.<sup>375</sup> Table 3.10 provides an update on completing repairs to the remaining major portions of the Ring Road. According to DoS, the GIROA has budgeted the following annual amounts for Ring Road operations: approximately \$8 million for routine maintenance, \$34 million for periodic maintenance, and \$3 million for emergency maintenance.<sup>376</sup>

## Railroads

Several key regional railway lines are either in the process of being constructed or scheduled to be constructed in Afghanistan, as shown in Figure 3.34. According to a UNAMA strategy paper, China has committed to building a railway line from Afghanistan's northern border to Jalalabad as part of the Aynak copper mine contract. A railway line from Islam Qala to Herat in the west is soon to be built. But funding is still needed for three additional rail links: Herat to Mazar-e Sharif, Jalalabad to Torkham, and Chaman to Kandahar. The completion of these railway lines would decrease the transportation cost of Afghan goods and services. Also, these lines would run near large, undeveloped mineral resources, including iron ore deposits in Bamyan.<sup>377</sup>

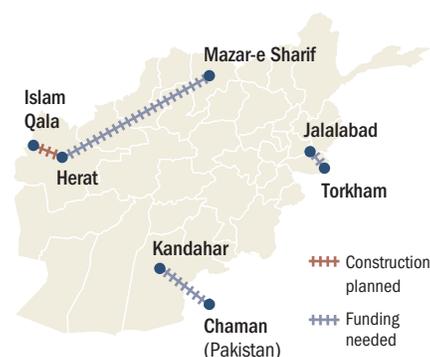
During this quarter, U.S. Ambassador Karl Eikenberry announced that the United States will contribute \$5 million to continue construction of the rail line between Hayratan and Mazar-e Sharif.<sup>378</sup> The railway is part of the Asian Development Bank's Central Asia Regional Economic Cooperation Program, which aims to improve links between Afghanistan and neighboring countries.<sup>379</sup>

## Other Transportation Infrastructure

During this quarter, SIGAR completed an audit of the Tojg Bridge construction contract, which was financed through the Commander's Emergency Response Program (CERP). For more information, see Section 2.

FIGURE 3.34

## STATUS OF RAIL LINE CONSTRUCTION



Note: Other rail line construction projects may also be planned.

Source: UNAMA, "A Strategy for Transition to Afghan Leadership," by Kai Eide, 3/6/2010, p. 21.

## Communications

This quarter, two important public diplomacy documents were released that will have an impact on communications strategy. DoS released a new strategic plan for public diplomacy, and the Department of Defense released its December 2009 Report on Strategic Communication.<sup>380</sup> The strategies in these two documents stress the importance of empowering moderate voices to counter extremist messages and equipping local leaders with the communications skills and knowledge to help strengthen their communities.<sup>381</sup>

In Afghanistan, efforts to expand local access to communications equipment, infrastructure, training, and content are part of the U.S. public diplomacy strategy. During this quarter, for example, new radio stations were launched in Kunar and Nangarhar provinces. Funded and implemented by USAID and ISAF, the radio stations employ Afghan station managers and feature Afghan content in local languages. The program also provided local residents with radios so they can listen to the broadcasts.<sup>382</sup>

In a related development, USAID reported that 8 million Afghans now receive their news through Internews, a non-profit media training organization that receives funding from USAID. Internews provides training, equipment, and technical assistance, among other services, to independent media organizations around the world.<sup>383</sup>

International donors are also focusing on communications technology as a way to strengthen development. On February 17, 2010, the UN Educational, Scientific, and Cultural Organization and the Italian government announced a new project to increase the capacity of the Afghan educational radio and television service to train teachers. The project will help the service strengthen its capability to offer distance learning, which is one of the goals outlined by the Ministry of Education in its National Education Strategic Plan.<sup>384</sup>



**Young students attend** the Farah City District III Girls School in 1 of 17 temporary tents pitched in the school's courtyard. Many Afghan schools still lack buildings and textbooks. (U.S. Air Force photo, MSgt Tracy DeMarco)

## Education

Although progress has been made in increasing access to education, the Ministry of Education reported in January that approximately 5 million Afghan children still do not attend school.<sup>385</sup> In February, the World Bank reported that only an estimated 40% of Afghan schools have buildings.<sup>386</sup> Textbooks are also in short supply, according to the ministry.<sup>387</sup>

Data from the most recent NRVA survey underscores the educational challenges in Afghanistan. According to the survey, only 17% of Afghans age 25 and older have attended any type of formal education, and 48% of children age 7 to 12 (a total of 2.3 million) are not attending primary school. As a result, only an estimated 26% of the Afghan population can read and write.<sup>388</sup>

As noted in SIGAR's last quarterly report, insurgent violence against government-sponsored schools is an ongoing obstacle to increasing access to education. According to the Minister of Education, approximately 453 schools are closed for security reasons or have been damaged over the past two years.<sup>389</sup> According to a statement released in February by President Karzai's office, however, the GIROA

re-opened 25 schools in Helmand following ISAF operations against insurgents in that area.<sup>390</sup>

On another positive note, an internal audit of a USAID program to train Afghan teachers concluded that approximately 50,000 teachers had been trained since January 27, 2006.<sup>391</sup> For more information, see Section 4. In addition, Afghanistan has made progress in providing opportunities for post-secondary education. According to DoS, approximately 48 post-secondary educational institutions operate in Afghanistan, offering instruction in medicine, law, education, business management, liberal arts, and technical and vocational skills. Figure 3.35 shows the distribution of these public and private institutions, the most significant concentration of which is in the Kabul area.<sup>392</sup>

## Health Services

The first round of Afghanistan's 2010 polio vaccination campaign began on February 14, 2010. The Nad Ali district and Marjah in Helmand province were skipped initially because of ISAF operations against insurgents there, according to the Ministry of Public Health (MoPH).<sup>393</sup> But in March the immunization campaign was re-launched in Marjah and Nad Ali.<sup>394</sup> The most recent NRVA data shows that 37% of Afghan children age 12 to 23 months have received the recommended full series of vaccinations against tuberculosis, polio, diphtheria, pertussis, tetanus, and measles.<sup>395</sup> According to the UN, Afghanistan is one of only four countries in which polio is still endemic.<sup>396</sup> The immunization campaign was supported by the World Health Organization (WHO), the UN Children's Fund (UNICEF), and the Ministry of Public Health (MoPH), with significant funding from the United States.<sup>397</sup>

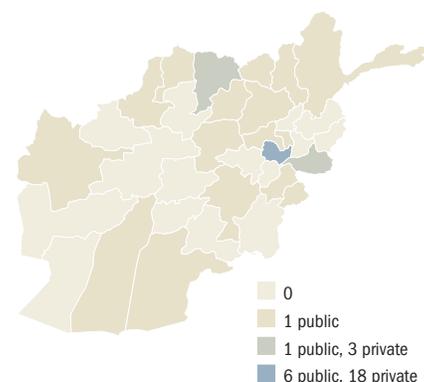
In addition, USAID has an ongoing, \$5.18 million Tuberculosis Control Assistance Program that provides technical assistance to the MoPH and other stakeholders in Afghanistan.<sup>398</sup> This quarter, according to DoS, the program selected and trained coordinators in six insecure provinces to share best practices regarding tuberculosis detection, treatment, and control.<sup>399</sup> DoS also reported that the program developed tuberculosis control materials this quarter for distribution in all provinces.<sup>400</sup>

According to a March 3, 2010 NATO publication, the MoPH has signed agreements with nine local TV and radio stations to broadcast health-related information for one year.<sup>401</sup> The project is funded by the GAVI Alliance, a public-private partnership that includes the WHO, UNICEF, the World Bank, the Bill and Melinda Gates Foundation, member governments, and other donors.<sup>402</sup> According to the MoPH, this public health communications campaign is part of an approximately \$34 million, four-year grant from GAVI to increase and sustain immunization coverage in Afghanistan.<sup>403</sup> The United States is one of the six original donor countries to GAVI, contributing \$569 million from 2001 to 2009.<sup>404</sup>

USAID also has an ongoing, \$34.7 million health communications program in Afghanistan. This quarter, according to DoS, the program established the first male-specific health clinic in Kabul. In addition, DoS reported the completion of

FIGURE 3.35

### POST-SECONDARY SCHOOLS, PUBLIC AND PRIVATE



Source: USAID, response to SIGAR data call, 4/6/2010.

**The United States is the largest contributor to many international organizations, including UNICEF. President Obama's FY 2011 budget request to the Congress included \$109.4 million for the WHO and \$128 million for UNICEF.**

Source: United Nations Association of the United States, "U.S.—UN Funding Update: President Submits FY 2011 Budget Request to Congress," 2/2/2010, accessed online 4/9/2010.



**An Afghan physician** fills out paperwork for patients in Zabul. The U.S. government is working to strengthen the capacity of the Afghan Ministry of Public Health to track and analyze health care outcomes. (U.S. Air Force photo, SrA Kenny Holston)

the second round of a U.S.-sponsored health care communications campaign, which resulted in the delivery of maternal, child health, and other health information in 161 mosques in 7 provinces.<sup>405</sup>

As part of its emphasis on building capacity and transitioning to full Afghan control, the U.S. government is transferring management of health care projects to the MoPH. This quarter, for example, DoS reported that it transferred a health information database to MoPH control, which will enhance the ministry's ability to track and analyze health care outcomes. In addition, DoS transferred the management of contracts with non-governmental organizations for delivering health services in 13 provinces to the MoPH. And a USAID-supported program assisted the MoPH in developing a five-year strategic plan that will serve as a roadmap for the ministry's future activities.<sup>406</sup>

USAID also supports the Health Service Support Project, which this quarter finalized curricula for the education of community health nurses and midwives in Afghanistan, according to DoS.<sup>407</sup> In addition, the U.S. government has contributed \$2 million to the WHO's Disease Early Warning System, which successfully investigated and identified 34 outbreaks of communicable disease in Afghanistan during this quarter.<sup>408</sup>

In another health-related development, the MoPH announced in February the creation of the Afghan National Public Health Association. Its mission is to support research on public health issues and provide technical assistance to the MoPH.<sup>409</sup>

## INDUSTRY

Key developments this quarter included the following:

- adequate rain and snowmelt in most of the country, which provided favorable growing conditions for Afghanistan’s winter and spring wheat crops in the south, west, and north
- Afghanistan’s candidacy for membership in the Extractive Industries Transparency Initiative (EITI)
- the launch of a major U.S.-funded effort to streamline GIROA laws, regulations, customs procedures, and other mechanisms related to trade

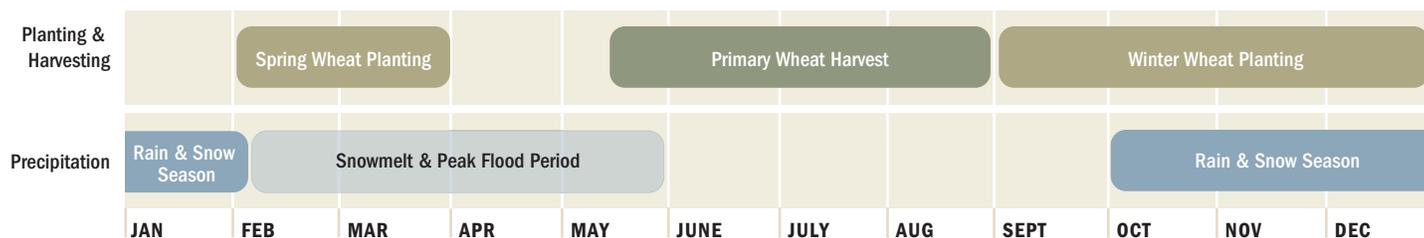
## Agriculture

As noted in SIGAR’s January 2010 report, climate plays a central role in Afghan agricultural production. Although conditions vary, generally there is little or no precipitation from approximately June to October.<sup>410</sup> Peak rain and snow seasons occur from approximately December through May.<sup>411</sup> In January 2010, the UN Office for Coordination of Humanitarian Affairs reported that Afghanistan was experiencing an unusually dry winter, raising concerns of drought.<sup>412</sup> In February, however, normal amounts of rainfall and heavy snow in many areas somewhat ameliorated these concerns.<sup>413</sup>

As of April 1, 2010, the Global Information and Early Warning System of the Food and Agriculture Organization of the UN (FAO) reported that the planting of the spring wheat crop was nearly complete, under generally favorable weather conditions in the south, west, and north.<sup>414</sup> Weather conditions also favored Afghanistan’s winter wheat crop in most of the country.<sup>415</sup> The FAO report noted that as a result of last year’s record high yields, wheat prices in Afghanistan have declined but still remained generally higher than 2007 levels.<sup>416</sup> Figure 3.36 depicts the main weather and agricultural patterns in Afghanistan.

FIGURE 3.36

### AGRICULTURE: SEASONAL CALENDAR AND CRITICAL EVENTS



Source: FEWS, “Afghanistan: Seasonal Climate and Critical Events Timeline,” accessed online 3/17/2010.



**Afghan farmers prepare fields** as the weather begins to warm up in the southern region. This quarter, adequate rainfall and snowmelt created favorable conditions for winter and spring cereal crops in most of the country. (U.S. Air Force photo, SrA Kenny Holston)

**In February 2010, Afghanistan's first fruit processing company—Omaid Bahar Ltd. in Kabul—signed its first international contract with Pomegreat, the United Kingdom's leading pomegranate juice producer. Pomegreat will purchase 500 tons of juice concentrate from the factory as well as 500 tons of fresh fruit in 2010–2011. The factory opened in October 2009 with USAID support.**

Source: Pomegreat, press release, "U.K. Pomegranate Juice Company Announces World's First Partnership with Afghanistan Fruit Factory," 2/2010.

## Accelerating Agricultural Development

The U.S. stabilization strategy identifies two priorities for rebuilding Afghanistan's agricultural sector: 1) rapidly expanding jobs and income from agriculture, and 2) increasing confidence in the GIROA by strengthening the Ministry of Agriculture, Irrigation, and Livestock. The strategy also outlined six key initiatives to increase agricultural productivity, reinvigorate agricultural value chains, and rehabilitate watersheds and irrigation infrastructure:<sup>417</sup>

- Deploy 89 new agricultural experts (64 from the U.S. Department of Agriculture and 25 from USAID) by early 2010.
- Issue vouchers to farmers in 18 provinces for fruit and nut saplings, grapevines, and trellises.
- Build a team of Afghan technical irrigation experts to monitor irrigation projects implemented by quick-impact programs, including CERP.
- Increase the links between farmers and markets by expanding agricultural trade and credit opportunities, and also strengthen food storage, safety, packaging, handling, processing, and transportation capacities. A key milestone is the implementation of an agricultural credit system before the 2010 planting season.
- Provide technical assistance to create agricultural extension services for farmers.
- Rehabilitate degraded watersheds to improve irrigation.

To sustain higher agricultural incomes and offer viable alternatives to growing poppy, the U.S. government is encouraging the planting of high-value crops, such as fruits, nuts, and grapes.<sup>418</sup> To help achieve this goal, this quarter USAID announced a four-year, \$30.4 million grant to an NGO, Roots of Peace. The grant aims to help farmers replace cereal and poppy crops with high-value crops such as apples, grapes, pomegranates, cherries, and almonds primarily in eastern and southern provinces. In the south—Helmand, Kandahar, Uruzgan, and Zabul—the program will focus on trellising existing vineyards, with the goal of doubling farmers' income within two years. Farmers will contribute \$4.5 million of their own funds to pay for the costs of the new orchards and vineyards.<sup>419</sup>

This and other U.S. government initiatives announced in the stabilization strategy support the GIROA's goals of turning Afghanistan into a net exporter of cereal crops within 10 years and increasing the export market for Afghan fruits and nuts.<sup>420</sup> As noted in a UNAMA strategy paper, an important step in opening up regional export markets is reaching a trade agreement with Pakistan. The Afghanistan-Pakistan Trade and Transit Agreement would help Afghan farmers export their products in the region more freely. Pakistan is not only an important market for Afghanistan goods but also a key transit route to other regional markets.<sup>421</sup> As of February 2010, according to U.S. Special Representative Holbrooke, no final agreement has been reached.<sup>422</sup>

In another agriculture-related development, Uzbekistan re-opened its border with Afghanistan on February 8, 2010. The border had been closed for five months because of concerns about possible swine flu (H1N1) contamination.<sup>423</sup>

Finally, reflecting regional interdependence on limited water resources, U.S. Special Representative Holbrooke reported on March 2, 2010, that DoS had set up a water resources task force to examine ways to help Afghanistan and its neighbors deal with water access issues.<sup>424</sup>

## Resource Mining

As noted in SIGAR's January 2010 report, Afghanistan's mining sector holds significant potential for growth; one of the goals of the new stabilization strategy is to support the development of this sector. The strategy notes that the U.S. government has identified five advisors to assist the Ministry of Mines and is supporting the creation of new GIRoA mining regulations.<sup>425</sup>

To help attract foreign investment in the mining sector, this quarter Afghanistan became a candidate for membership in the EITI.<sup>426</sup> Afghanistan has two years—until February 9, 2012—to complete the requirements for EITI membership.<sup>427</sup>

In other mining-related events this quarter, the Chairman of China's Jiangxi Copper Company Ltd. told the press that the estimated opening date for the Aynak copper mine will be delayed from 2012 to approximately 2013–2014.<sup>428</sup> In addition, the Ministry of Mines put out a bid for consulting services to monitor Chinese compliance with the Aynak copper mine contract.<sup>429</sup> The ministry also extended the deadline for bids on the Herat cement factory, canceled the tender for the Hajigak iron ore mine (in one of the world's richest iron ore deposits), and delayed concessions for oil and gas reserves because of concerns about the integrity of the bidding and contracting process.<sup>430</sup>

The U.S. Overseas Private Investment Corporation (OPIC) is also active in helping to develop this sector. On February 19, 2010, OPIC signed a contractual loan agreement for \$15.8 million with Equity Mining in Western Afghanistan, an Afghan company that holds a 10-year mining lease to quarry white marble for domestic sale and export.<sup>431</sup>

## Private Sector Development

According to the U.S. stabilization strategy, enhancing core value chains in the Afghan private sector is a key part of rebuilding Afghanistan's economic foundation.<sup>432</sup> To create jobs and economic opportunity, the strategy proposes to focus on five high-value product chains for rugs, grapes, gems, marble, and cashmere.<sup>433</sup>

As noted in SIGAR's January report, USAID's "mines to market" program is designed to strengthen Afghanistan's marble and gemstone industries.<sup>434</sup> Table 3.11, on the following page, summarizes the major initiatives supporting this program.

As part of the effort to revitalize the marble industry, the Afghanistan Chamber of Commerce and Industry and the Afghanistan Small and Medium Enterprise Development (ASMED) program hosted the Afghan International Marble Conference II in Herat on April 12–16, 2010. The conference brought together international investors, Afghan quarry and processing operators, industry experts, and local and international business and government leaders to explore

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**EITI:** a voluntary, global standard-setting organization whose members are committed to transparency in the oil, gas, and mining sectors. Member countries pledge to publish all tax, royalty, and fee payments that they receive from extractive industries. In addition, companies operating in member countries agree to publish all fees paid to the government.

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Sources: EITI, "What is EITI?," accessed online 3/17/2010; EITI, "The EITI Principles and Criteria," accessed online 3/17/2010.

TABLE 3.11

PROGRAMS SUPPORTING THE MINES-TO-MARKET INITIATIVE			
Name of Program	Total Funding <sup>a</sup>	Duration	Work in Support of Mines-to-Market Initiative
Afghanistan Small and Medium Enterprise Development (ASMED)	\$89,003,159	10/26/2006–10/30/2011	Builds capacity of marble and gemstone associations, facilitates public and private partnership in this sector, and provides external market links for marble and gemstone traders.
Economic Growth and Governance Initiative (EGGI)	\$92,452,859	8/15/2010–8/15/2011	Provides technical assistance on policy and investment promotion and long-term, in-country advisors to the MoM.
Human Resources and Logistical Support (HRLS)	\$84,337,180	3/1/2006–2/28/2011	Provides in-country senior advisor to the MoM, as well as petroleum and mining advisors. Currently recruiting legal and economic advisors.

a. Funding number is the total amount for the grant, of which support for the mines-to-market program is only one part.

Sources: DoS, response to SIGAR data call, 4/6/2010; USAID/Afghanistan, "Afghanistan Small and Medium Enterprise Development," accessed online 4/9/2010.

investment and partnership opportunities in Afghanistan's marble industry.<sup>435</sup> According to stone industry experts, Afghanistan is home to some of the world's highest-quality marble.<sup>436</sup>

In addition, for the third consecutive year Afghan carpet makers and dealers were able to showcase their goods at Domotex, the floor-covering industry's premier world trade show. Their participation was underwritten by USAID, which provided financial and logistical support for the Afghan rug merchants to attend the show.<sup>437</sup>

As part of the U.S. emphasis on contracting with Afghans, a procurement conference sponsored under the ASMED program was held in Kandahar in March 2010. It attracted representatives from nearly 70 Afghan businesses interested in contracting opportunities to support coalition forces and civilian personnel working in the country.<sup>438</sup> OPIC is also assisting private-sector development through loans to organizations that provide financing to small and medium enterprises in Afghanistan. At its March 31, 2010 board meeting, for example, OPIC approved a \$30 million loan to Afghan Growth Finance LLC that will help expand lending operations to small and medium enterprises in Afghanistan. Afghan Growth Finance, established in 2008 with assistance from OPIC, has a successful track record of originating and servicing prudent loans to such enterprises.<sup>439</sup> OPIC has also provided approximately \$60 million in financing for the Grand Hotel Kabul, which is currently under construction. OPIC reported in April that construction is on schedule and within budget.<sup>440</sup>

On March 9, 2010, the ministries of Finance and Commerce, in partnership with the U.S. government, announced the launch of a \$63 million program to streamline laws, regulations, customs procedures, and other mechanisms related to trade. This USAID-funded program, known as the Trade and Accession Facilitation for Afghanistan, will help Afghanistan adopt international standards and implement widely accepted quality controls necessary for exports.<sup>441</sup>

Lack of basic infrastructure, however, continues to hamper the growth of the private sector in Afghanistan. According to a NATO publication, operations in 90 factories in Kandahar were closed down during this quarter because of a lack of electricity caused by delays in refurbishing the Kajaki Dam.<sup>442</sup> As noted in SIGAR's January 2010 report, structural rehabilitation of the Kajaki Dam has been suspended temporarily because of security concerns.

## GEMSTONE PRODUCTION: A SOURCE OF POTENTIAL GROWTH

Afghanistan is one of the richest sources in the world for gems and semi-precious stones, according to the World Bank.<sup>443</sup> The Bank has identified the mining of these and other mineral resources as a potential source of economic growth for the country.<sup>444</sup> An assessment of the Afghan gemstone industry produced for USAID by international experts in 2007 noted that Afghan rubies, emeralds, sapphires, lapis lazuli, and other semi-precious gemstones are recognized internationally for their superior quality.<sup>445</sup> In fact, according to the authors, gemstones mined in Afghanistan can be found in some of the world's most historic collections, including the British crown jewels, the royal crown jewels in Russia, and the collection at the Taj Mahal.<sup>446</sup> Figure 3.37 identifies the major gemstone-producing locations in Afghanistan.

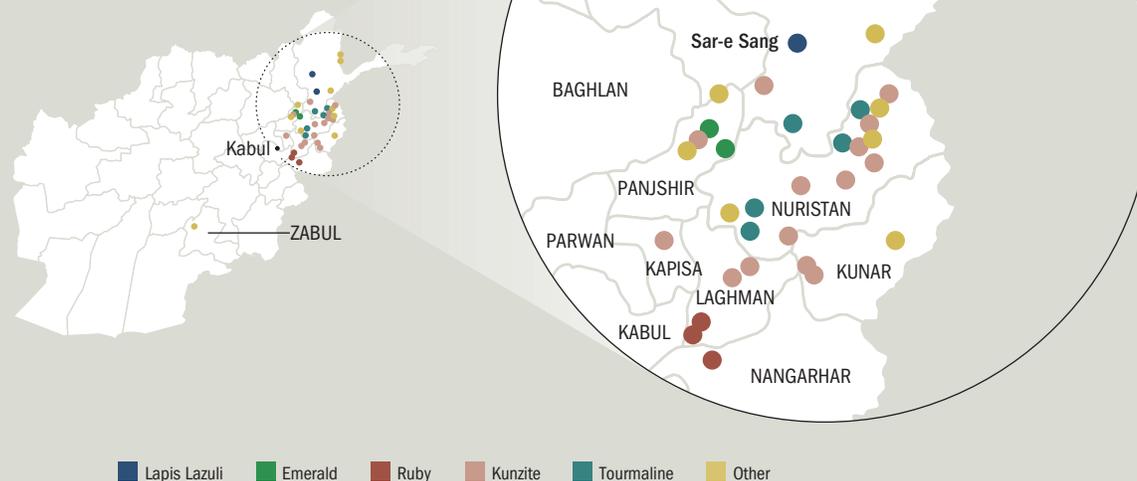
According to the World Bank, however, Afghanistan has not been able to realize the full economic benefit from these resources.<sup>447</sup> Although gems are mined in Afghanistan, the chain of activities that adds value—sorting, cutting, polishing, and exporting—has been severely diminished.<sup>448</sup> A significant portion of Afghanistan's gemstone production is sold to enterprises in other countries, particularly Pakistan, at a fraction of its value to be sorted, processed, cut, polished, and exported.<sup>449</sup> This deprives Afghan miners, artisans, processors, traders, and the Afghan government of needed income and job opportunities.<sup>450</sup>

### 6,500 YEARS OF LAPIS LAZULI TRADE

Although underdeveloped today, gemstone production in Afghanistan is not new. One of Afghanistan's most highly prized semi-precious gemstones—lapis lazuli—has been mined since

FIGURE 3.37

#### MAJOR GEMSTONE DEPOSITS



Source: MoM, Afghanistan Geological Survey, "Minerals in Afghanistan: Gemstones of Afghanistan," p. 1, accessed online 4/12/2010.

at least 5000 B.C., according to the World Bank.<sup>451</sup> In fact, the **lapis lazuli** mines in Badakhshan are thought to be among the oldest mines in the world.<sup>452</sup>

Trade in Afghan lapis lazuli goes back more than 6,500 years.<sup>453</sup> Remnants of the lapis trade still exist between areas of Afghanistan (Badakhshan) and Mesopotamia, Ur, Egypt, and India.<sup>454</sup> Jewelry and objects made of Afghan lapis lazuli have been discovered all over the Mediterranean among the burial sites and funeral treasures of ancient civilizations, including the tombs of the Sumerian kings and the Egyptian pharaohs.<sup>455</sup> Later, Alexander the Great conquered Bactria, which is part of northern Afghanistan, and brought Afghan lapis lazuli to Europe.<sup>456</sup> And Marco Polo commented on the beauty of Badakhshan lapis—then called “azure”—in his journey along the southern Silk Route in the 13th century.<sup>457</sup>

## USES FOR LAPIS LAZULI

Lapis lazuli has been used to fashion jewelry and household objects and also has been ground into a powder that constitutes the base for a blue pigment called ultramarine. Ultramarine made from ground Afghan lapis was used in medieval Europe on illuminated manuscripts, in architectural decoration, and on wooden sculpture, according to art experts.<sup>458</sup> Ground lapis was also the base for blue tempera paint and, less frequently, oil paint used by artists before it became possible to manufacture a bright blue color artificially (which did not happen until the 19th century), according to a gemstone trade association.<sup>459</sup> The blue color derived from ground lapis lazuli is noted for its brilliance and is still in use today in fine restoration and renovation work.<sup>460</sup>

“There is also in the same country [Afghanistan] another mountain where azure is found. It is the finest in the world. . .”

—Marco Polo (1271 A.D.)

Source: British Institute for the Study of Iraq, *Iraq*, Vol. 30, no. 1 (Spring 1968), “Lapis Lazuli: The Early Phases of Its Trade,” by Georgina Herrmann, p. 22, accessed online 1/20/2010.

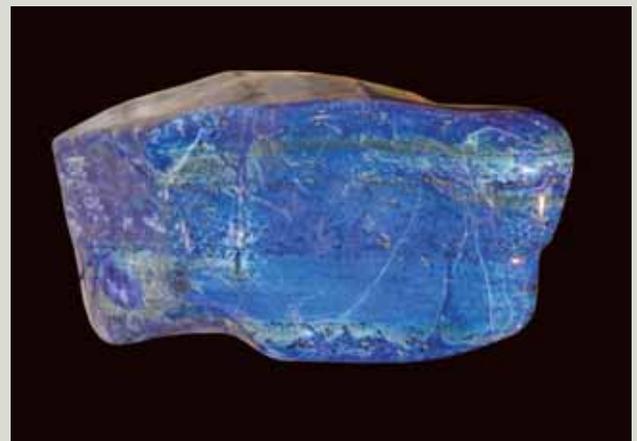
**Lapis lazuli:** a stone of deep blue color with inclusions of golden pyrite that give it a shimmering quality. Classified as a rock, rather than a mineral, Afghan lapis has long been considered by experts to be the finest in the world.

Sources: Mining Communications Ltd., *Mining Journal* (London), “Special Publication: Afghanistan,” 8/2006, p. 9; International Colored Gemstone Association, “Lapis Lazuli,” accessed online 3/25/2010.

## MINING OF LAPIS LAZULI AND OTHER GEMSTONES

Just as it was more than 6,500 years ago, the best lapis lazuli in the world today comes from Badakhshan.<sup>461</sup> The Sar-e Sang deposit in the Blue Mountain in Badakhshan has been producing lapis for thousands of years. The mine is located at an altitude of approximately 3,500 meters.<sup>462</sup> Due to inclement weather conditions, the mine is accessible only from approximately June to September.<sup>463</sup>

Gemstone mining in Afghanistan is largely artisanal and of a primitive nature, according to mining experts.<sup>464</sup> In one traditional method of extraction, rock containing lapis lazuli is heated to a high temperature and then doused with cold water, producing



**A polished block** of lapis lazuli. Lapis is one of many high-quality gemstones found in Afghanistan. For centuries, Afghan lapis has been acknowledged as the finest in the world.

a shock that breaks the stone, from which the lapis is extracted.<sup>465</sup> The U.S. government and other international donors, however, are working with the Ministry of Mines to introduce modern mining techniques to increase safety and production in this sector.<sup>466</sup>

## U.S. SUPPORT FOR THE AFGHAN GEMSTONE INDUSTRY

One of the goals of the U.S. stabilization strategy is to strengthen the “mines-to-market” value chains in the gemstone sector to create jobs and income for the Afghan people.<sup>467</sup> Table 3.12 lists recent USAID-sponsored initiatives supporting the gemstone industry in Afghanistan, which are designed to help small and medium enterprises modernize their gemstone cutting, polishing, and marketing operations.

As part of its mines-to-market program, USAID/ASMED enabled Afghan gem dealers to attend the Gem and Jewelry Exchange Trade Fair in Tucson, Arizona, on February 2–7, 2010.<sup>468</sup> The fair attracted thousands of international gem dealers, collectors, and enthusiasts from the United States and around the world. In addition to participating in the trade fair, the Afghan gem dealers visited a copper mine, a testing laboratory, and a testing site for a U.S. manufacturer of heavy mining equipment. Participants said that such visits are key to improving Afghan export capabilities.<sup>469</sup>



**Emeralds, the most precious** form of the mineral beryl, are found in Afghanistan, primarily in the Panjshir Valley of Parwan province. Rubies are also mined in Afghanistan, primarily at Jegdalek-Gandamak in Kabul province.

**Value Chain:** all the activities, from receipt of raw materials to post-sales support, that together create and increase the value of a product

Source: The Financial Times Lexicon, accessed online 4/20/2010.

TABLE 3.12

RECENT USAID PROJECTS SUPPORTING THE AFGHAN GEMSTONE INDUSTRY		
USAID Program	Grant	Purpose of Grant
ASMED	Jewelers Guild (Gemstone Training Center), Kunduz City	Purchase tools and equipment for the training center; conduct skills training; employ staff to assist in selling and production.
ASMED	Afghanistan Gem Cutters and Jewelers Association	Ongoing training program to raise standards for cutting, polishing, and jewelry creation to international levels; assistance in opening two showrooms.
ASMED	Gemstone Bazaar, Jalalabad	Market will house 20 small and medium gemstone enterprises run by Afghans, many of whom have recently returned from Pakistan; subsidize rent and provide accounting services to traders for one year.
ASMED	Hope of Mother	Three months of training, led by an international expert, for participants from 30 small and medium gemstone enterprises to learn cutting and polishing techniques.
Global Development Alliance	American Nuristani Import International Company (ANII)	A \$560,000 grant to support a public-private partnership to improve ANII gemstone mining and processing. Deliverables include purchasing 19 cutting and polishing machines, training 100 gemstone traders in cutting and polishing, purchasing 4 air compressors for Nuristan mines, and training 50 gemstone miners to use the new equipment.

Sources: DoS, response to SIGAR data call, 4/6/2010; USAID, “Business Model for Public-Private Enterprises,” 12/16/2009, accessed online 4/12/2010.



## COUNTER-NARCOTICS

Since 2002, the U.S. government has appropriated almost \$4.24 billion for counter-narcotics efforts.<sup>470</sup> In February 2010, the United States announced a new counter-narcotics approach that focuses on alternative agriculture programming and drug interdiction. The new interdiction strategy has two main goals:<sup>471</sup>

- destroy the link between narcotics and the insurgency by minimizing the funding generated by the narcotics trade for the insurgency
- eliminate the ties between corruption and narcotics by strengthening the ties between the Afghan people and their government

In March 2010, the U.S. Government Accountability Office (GAO) reported that the drug trade undermines the coordinated efforts between the U.S. government and the Government of the Islamic Republic of Afghanistan (GIROA) to secure and stabilize Afghanistan. The drug trade also poses a significant threat to the success of the overall U.S. counter-insurgency campaign in the country.<sup>472</sup>

During 2010, the Ministry of Counter-Narcotics (MCN) is expected to update its National Drug Control Strategy to focus on targeted programs to tackle the issue of substantially reducing the cultivation, production, trafficking, and consumption of narcotics. The MCN last updated this strategy in 2006.<sup>473</sup>

### STATUS

This quarter, no additional provinces attained **poppy-free status**; moreover, according to the United Nations Office on Drugs and Crime (UNODC), the status of some poppy-free provinces is at risk. As noted in SIGAR's January 2010 report, Baghlan, Faryab, and Kapisa had attained poppy-free status at the end of 2009.<sup>474</sup> The UNODC's 2010 Opium Winter Rapid Assessment found that three provinces—Baghlan, Faryab, and Sar-e Pul—are in danger of losing that status without continued timely eradication. Conversely, if timely eradication is carried out, five additional provinces—Badakhshan, Kabul, Kunar, Laghman, and Nangarhar—can become poppy-free in 2010, increasing the number of poppy-free provinces to 25.<sup>475</sup> Figure 3.38 on the following page displays the distribution of poppy-free provinces and potential changes to their status.

As of March 2010, virtually all poppy cultivation is confined to six provinces—Badghis, Daykundi, Farah, Helmand, Kandahar, and Uruzgan—in the southern and western regions of Afghanistan, according to the U.S. Department of State (DoS). Together, these six provinces account for more than 97% of poppy

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**Poppy-Free Status:** A province is declared poppy-free when fewer than 100 ha have been used for poppy cultivation.

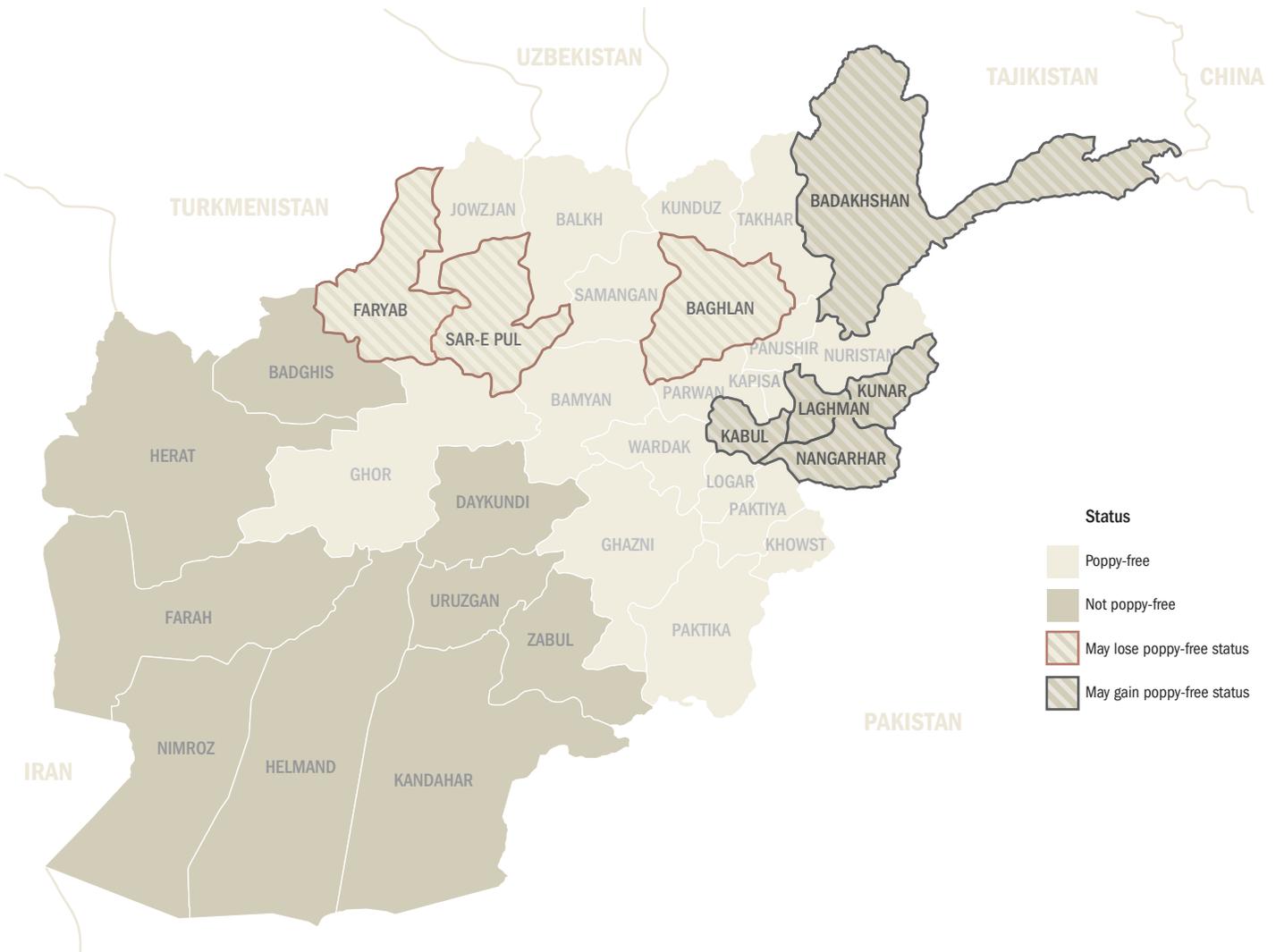
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Source: UNODC, "Afghanistan Opium Survey: December 2009," p. 28.

# COUNTER-NARCOTICS

FIGURE 3.38

POTENTIAL CHANGES IN POPPY-FREE PROVINCES, 2010



Notes: When fewer than 100 ha are being used for poppy cultivation, a province is declared poppy-free. Badakhshan, Kabul, Kunar, Laghman, and Nangarhar may gain poppy-free status with timely eradication. Baghlan, Faryab, and Sar-e Pul may lose poppy-free status without timely eradication.

Sources: SIGAR, "Quarterly Report to the United States Congress," 1/30/2010, p. 111; UNODC, "Afghanistan Opium Survey 2010: Winter Rapid Assessment," 2/2010, p. 2.

cultivation in Afghanistan.<sup>476</sup> According to the UNODC, poppy production is expected to remain stable in 2010, following a 36% decrease in cultivation over the past two years.<sup>477</sup> Both the farm-gate price and the trader price of opium have been decreasing, according to a December 2009 Opium Price Monitoring Report produced by the UNODC. From December 2008 to December 2009, the farm-gate price of dry opium decreased by 3%, and fresh opium by 2%, while the trader price of dry opium decreased by 1%, and fresh opium by 3%. Although the price

of illicit crops (such as opium) is falling, the UNODC's 2010 Opium Winter Rapid Assessment revealed that the price of licit crops (such as wheat) is falling at a much faster rate: it decreased by 43%. This makes the cultivation of poppy much more attractive.<sup>478</sup>

Recently, cannabis has emerged as a major threat to counter-narcotics efforts in Afghanistan. According to the UNODC, the traffic in cannabis provides significant funding for the insurgency, comparable to amounts generated by opium. In April 2010, the UNODC released its first-ever cannabis survey. The survey found large-scale cannabis production in 17 of Afghanistan's 34 provinces, with annual cultivation covering 10,000 to 24,000 hectares (ha). In 2009, the total amount of resin produced from cannabis was 1,500 to 3,500 metric tons (MT).<sup>479</sup>

## COMBATING THE DRUG TRADE

In the Afghanistan and Pakistan Regional Stabilization Strategy announced this quarter, the U.S. government outlined specific efforts to combat the drug trade:<sup>480</sup>

- Interdict drug traffickers, precursor chemicals, and financial flows.
- Deploy additional personnel and enhance civilian-military coordination.
- Increase agricultural assistance for farmers.
- Support Afghan counter-narcotics institutions.
- Enhance regional outreach capabilities.

The U.S. government, the international community, and the GIRoA are confronting the drug problem in a number of ways, described in the following subsections. They include counter-narcotics operations, poppy eradication, interdiction, alternative development programming, justice reform, drug demand reduction, and capacity development.

## Coalition and ANSF Counter-Narcotics Operations

Coalition and Afghan forces conducted 56 military and law enforcement operations during this quarter, according to the U.S. Department of Defense (DoD). Approximately half of these operations were conducted by Afghan law enforcement and the other half by coalition forces. Most of these operations took place in Regional Command-South, where the narcotics-insurgency nexus poses the greatest threat. These operations led to destruction or seizure of the following narcotics and related materials:<sup>481</sup>

- 16.3 MT of opium
- 195 kg of morphine
- 1.2 MT of heroin
- 9.8 MT of hashish
- 10.1 MT of precursor chemicals

In addition, the International Security Assistance Force (ISAF) reported a number of counter-narcotics operations in various provinces from January 1 to March 31, 2010. During these operations, troops seized a variety of narcotics and

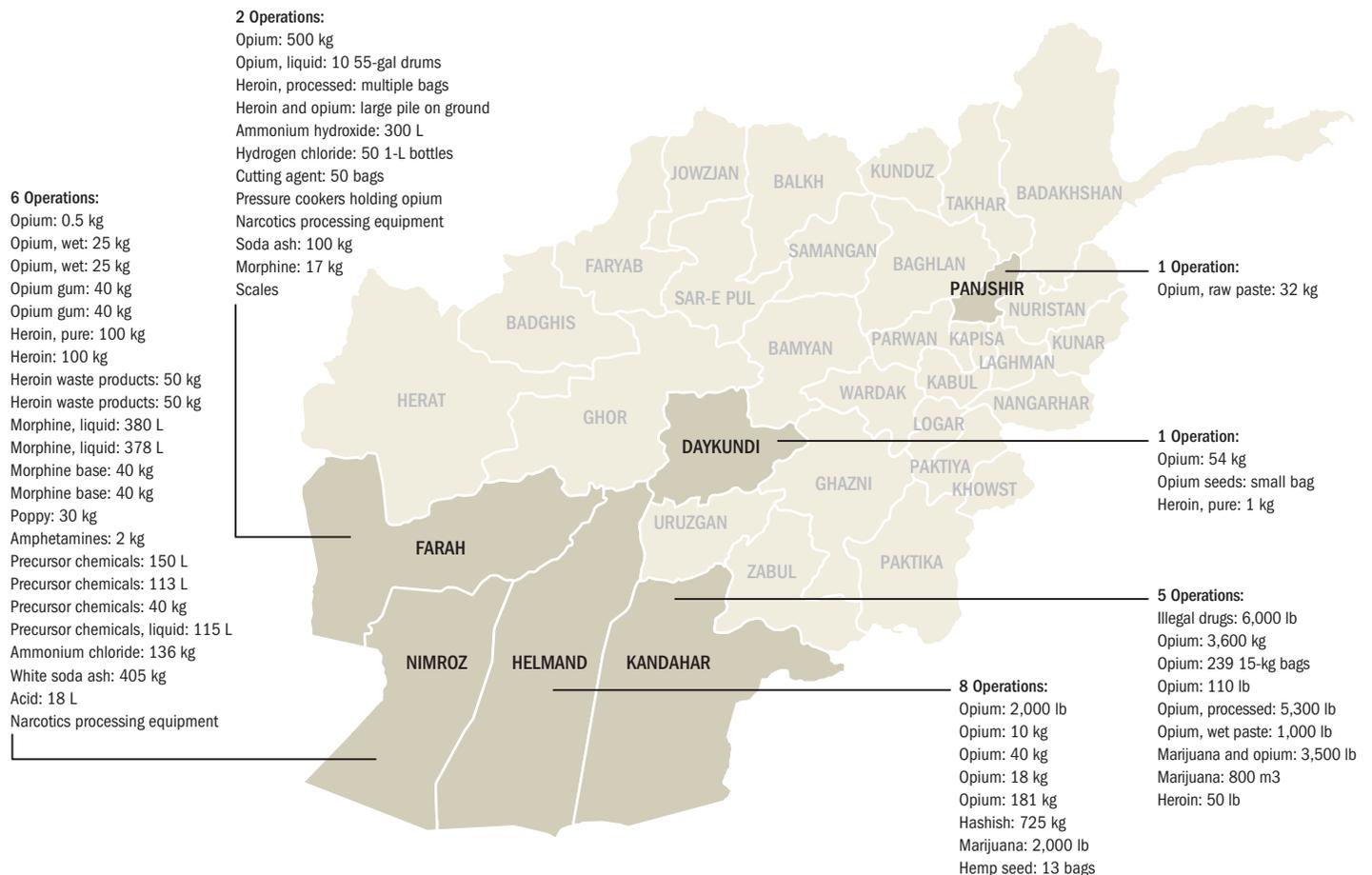
# COUNTER-NARCOTICS

drug-producing equipment, as displayed in Figure 3.39. During this same period, Afghan counter-narcotics forces conducted operations with a greater number of coalition forces, according to DoD. This has helped to expand their reach and improve their capabilities. Most of these efforts continue to be focused in the southern and western regions of the country—the epicenter of the drug trade.<sup>482</sup>

In other activity, DoD reported that the Afghan National Army (ANA) played a major role in the Marjah offensive, an area of significant drug revenue for the Taliban. ANA forces operating jointly with coalition forces reported several seizures of narcotics in Regional Command-South. An ongoing partnership between the Afghan National Police (ANP) and the Afghan Border Police also led to seizures of hashish in the provinces of Helmand and Kandahar, as reported by DoD.<sup>483</sup>

FIGURE 3.39

## DRUGS SEIZED BY AFGHAN AND COALITION FORCES Results of 23 Counter-Narcotics Operations, January–March 2010



Note: Data reflects separate drug seizures reported in ISAF press releases.

Sources: ISAF, press releases, 1/4–3/29/2010, accessed online 4/6/2010.

# COUNTER-NARCOTICS

In March 2010, the United Nations (UN) Secretary-General reported that Afghanistan, Iran, and Pakistan successfully conducted three counter-narcotics operations as part of the three-country initiative of the **Rainbow Strategy**. As a result, 40 traffickers were arrested, and 948 kg of opium, 351 kg of heroin, and 483 kg of hashish were seized.<sup>484</sup>

## Poppy Eradication

The new U.S. counter-narcotics strategy shifts the focus from eradication to interdiction because poppy eradication proved ineffective. According to DoS, the emphasis on eradication hurt farmers more than traffickers. The new U.S. counter-narcotics strategy shifts the focus from eradication to interdiction activities.<sup>485</sup> The UN Secretary-General noted that, through effective interdiction and counter-trafficking efforts, this strategy shift will encourage the reduction of poppy cultivation and narcotics production.<sup>486</sup>

According to DoS, local Afghan officials will continue independent eradication efforts through governor-led eradication. The United States will remain in a supportive role through programs such as the Good Performer's Initiative.<sup>487</sup> According to DoS officials, however, opportunities for governor-led eradication efforts are decreasing as cultivation becomes more concentrated in areas of high insecurity—a trend reported recently by the GAO.<sup>488</sup> According to the U.S.



**Rainbow Strategy:** a regional response to the threat posed by the supply, trafficking, and consumption of Afghan opiates.

Source: UNODC, "UNODC in Europe, West and Central Asia," accessed online 3/23/2010.



**Tractors line up** at the governor's compound in Farah province before an Afghan-led poppy eradication operation. The new U.S. counter-narcotics strategy focuses on interdiction activities. (U.S. Air Force photo, 2nd Lt. Karl Wiest)

**According to the GAO, 1,550 Afghan drug traffickers have been tried and convicted since 2005.**

Source: GAO, GAO-10-291, "Afghanistan Drug Control: Strategy Evolving and Progress Reported, but Interim Performance Targets and Evaluation of Justice Reform Efforts Needed," 3/2010, p. 28.

Bureau of International Narcotics and Law Enforcement Affairs (INL), the UNODC reported a total of 943 ha of poppy eradicated as of March 23, 2010, with governor-led efforts taking place so far in Farah, Helmand, and Herat.<sup>489</sup>

In mid-March a UN-supported news service reported that the GIRoA had informally agreed to halt eradication efforts in Marjah, acceding to pleas from farmers.<sup>490</sup> As reported by IRIN, because the Marjah offensive caused significant damage to farmers' livelihoods, eradicating poppy fields in the area would punish local farmers who were trying to recover from the conflict. In return for the GIRoA's concession, the farmers have promised not to cultivate poppy next year.<sup>491</sup>

Notable issues such as security, lack of political will, and inadequate resources continue to have a detrimental effect on the success of eradication efforts. According to the GAO, poor security limits eradication activities in certain provinces. In order for eradicators to receive the protection they need during their work, they must engage in agreements with governors and local security forces. Lack of political will greatly affects the success of governor-led eradication efforts. The GAO noted instances in which governors failed to act on agreements made with U.S. officials to set targets for eradication.<sup>492</sup>

In March 2010, the GAO also reported that limited resources hinder the ability of governors to eradicate poppy. As a result, the United States and the United Kingdom provide advance payments to governors to assist with the start-up costs (for example, equipment rental, hiring, fuel provision) of eradication activities.<sup>493</sup>

## U.S. Interdiction Activities

One of the key initiatives of the new U.S. strategy is to reduce the drug trade by interdicting drug traffickers and disrupting trafficking networks. Specific efforts to combat the drug trade through interdiction include the following:<sup>494</sup>

- disrupting the trafficking of drugs out of Afghanistan
- disrupting the flow of precursor chemicals and illicit funds necessary for the production of those drugs into the country
- targeting narco-insurgency networks and shutting down drug bazaars

According to the GAO, the purpose of U.S. interdiction programs is to "decrease narcotics trafficking and processing by conducting operations, as well as increasing the capability of Afghan law enforcement to disrupt and dismantle drug trafficking organizations."<sup>495</sup> These operations involve raiding drug laboratories, destroying storage sites, arresting drug traffickers, conducting roadblock operations, seizing chemicals and drugs, and conducting undercover drug purchases.<sup>496</sup>

The GAO report identified the Drug Enforcement Administration (DEA) as the lead U.S. agency responsible for conducting these interdiction operations.<sup>497</sup> To strengthen the impact of interdiction efforts, the DEA increased the number of its personnel in Afghanistan from 13 in January 2009 to 81 positions in December 31, 2009, according to DoS.<sup>498</sup>

To continuously enhance interdiction activities, DoD has established a Combined Joint Interagency Task Force-Nexus in Kandahar. According to the GAO, the Task Force has the following goals:<sup>499</sup>

- Provide coordination support.
- Generate intelligence.
- Create target packages for DEA interdiction missions and ISAF counter-insurgency operations.

To support interdiction activities, INL provides operation and maintenance support for the compounds of the specialized units of the Counter-Narcotics Police Afghanistan (CNPA)—the National Interdiction Unit, the Special Investigative Unit, and the Technical Investigative Unit. According to INL, the main compound is located in Kabul. That support includes providing meals, custodial services, security for the compounds, and general maintenance.<sup>500</sup>

## Alternative Development Programming

The U.S. stabilization strategy introduced a new civilian-military focus on agriculture as the main reconstruction priority. According to DoS, the new strategy identifies agriculture as the fastest means to create licit jobs, which in turn will slow the funding stream that poppy cultivation provides the insurgency.<sup>501</sup> Following the Afghan First approach, the new agriculture strategy emphasizes Afghan leadership at all programming levels and was developed in close coordination with the Ministry of Agriculture, Irrigation, and Livestock (MAIL).<sup>502</sup>

Building on this strategy, DoS reported that USAID is providing vouchers to farmers in 18 provinces, with the goal of providing viable alternatives to poppy cultivation (for example, fruit and nut saplings or grapevines). DoS highlighted the importance of a water management system to increase licit agricultural output.<sup>503</sup> In February 2010, USAID granted a little more than \$30 million to Roots of Peace, a U.S. non-governmental organization (NGO), to help rural farmers in the eastern and southern provinces double their income. Specifically, Roots of Peace will help farmers upgrade their crops from cereals and poppy to higher-value crops.<sup>504</sup> For more information on this initiative, see “Economic and Social Development.”

According to USAID, program administrators provide biweekly progress reports on alternative development programs. For example, they reported that 37,321 families benefited directly from U.S. government interventions from January 1 to February 28, 2010. During that period, more than \$515,000 was paid in wages for community productivity training related to licit crops. Program administrators also reported that farmers had more than 2,325 ha under improved irrigation and that targeted farmers planted 358 ha of new fields with alternative licit crops.<sup>505</sup>

Agribusiness Development Teams teach farmers efficient farming techniques. To boost these efforts, according to the U.S. Army, eight teams have been deployed to three Regional Commands (East, Central, and South). The Army reported that “17 deployments have covered 14 provinces and contributed to

“Another major component of our strategy is to disrupt narcotics trafficking, which provides significant funding to the Taliban insurgency. This drug money has been the ‘oxygen’ in the air that allows these groups to operate.”

—General David H. Petraeus

Source: General David H. Petraeus, “Statement before the Senate Armed Services Committee,” 3/16/2010.

# COUNTER-NARCOTICS

over 282 sustainable agriculture projects generating more than \$21 million in revenue for the people of Afghanistan” since the program’s inception in 2007.<sup>506</sup>

USAID reported that MAIL has primary responsibility for the implementation of USAID’s agriculture programs, including alternative development programming. USAID works in close consultation with the senior executives of MAIL in the development of new programs and the modification of existing programs, when necessary.<sup>507</sup>

Sustainability of alternative development programs is an important factor in the success of the U.S. counter-narcotics effort. USAID does not monitor the sustainability of the programs, but rather the sustainability of their results. According to USAID, this is a primary reason why the agency does not promote wheat as an alternative to poppy. Doing so may deter farmers from cultivating poppy one year, but it does not prevent them from returning to poppy cultivation the following year. Because of the short-term effect of promoting wheat as a sustainable alternative, USAID fosters farmers’ investment in long-term and permanent alternatives, such as tree and trellis crops (for example, grapes).

MAIL and USAID believe these efforts will create a permanent break in the cycle of farmers’ annual decisions to cultivate poppy.<sup>508</sup> According to USAID, the Incentives Driving Economic Alternatives for the North, East, and West (IDEA-NEW) programs strongly support the U.S. Afghan First policy. Afghans make up 97% of the staff on the IDEA-NEW project. Furthermore, IDEA-NEW prioritizes local procurement; it has procured more than \$4.3 million of goods from Afghan vendors since June 2009.<sup>509</sup> Table 3.13 provides more information on USAID’s alternative development programs.

## Justice Reform

The U.S. government has undertaken a number of activities to improve the GIRoA’s ability to arrest, prosecute, and punish drug traffickers, according to a March GAO report. Advisors from the U.S. Department of Justice mentored 32 Afghan prosecutors and 35 investigators on the Criminal Justice Task Force and

TABLE 3.13

ACTIVE USAID ALTERNATIVE DEVELOPMENT PROGRAMS			
Program Name	Purpose	Duration	Budgeted Cost
Afghanistan Vouchers for Increased Production in Agriculture (AVIPA)-Plus	Increase rural family farm production and productivity to provide permanent replacements for poppy.	9/2009-8/2010	\$300 million
Alternative Development Program South-West (ADP/SW)	Provide alternatives; based primarily in Farah province because of the significant increase in poppy cultivation there in the past two years.	4/2008-3/2011	\$75 million
Commercial Horticulture and Agricultural Marketing Program (CHAMP)	Reduce poverty among 26,000 rural farmers by dramatically increasing the productivity of existing vineyards and converting former wheat, poppy, and corn fields to more profitable orchards and vineyards.	2/2010-1/2014	\$34.9 million
Incentives Driving Economic Alternatives for the North, East, and West (IDEA-NEW)	Provide incentives to promote sustainable growth of the licit agricultural economy.	3/2009-3/2014	\$150 million

Sources: USAID, response to SIGAR data call, 4/6/2010; GAO, response to SIGAR vetting, 4/15/2010.

14 Afghan judges on the Central Narcotics Tribunal. The DoJ also advises on the development of laws and procedures related to counter-narcotics.<sup>510</sup>

Despite U.S. government efforts to improve the justice sector, however, the GAO reported recently that DoS and DoJ officials have difficulty determining whether these institutions are achieving their intended purposes because of a lack of well-defined criteria within the Afghan institutions. Specifically, the Task Force and Tribunal are responsible for narcotics-related corruption cases against low-, mid-, and high-level narcotics traffickers, but clear definitions of categories of traffickers do not exist. According to the GAO, identifying the category involves subjective judgments based on such factors as the amounts of drugs seized, the trafficker's political connections, and whether the trafficker is a government official.<sup>511</sup>

## Drug Demand Reduction

INL reported that the U.S. government will provide support for 30 residential drug treatment centers in Afghanistan this year, making it the largest contributor to drug treatment services in the country. Six of the drug treatment centers provide residential and outpatient services exclusively to women; each has an adjacent center that provides services to the children of female patients. In addition, two centers provide drug treatment services to adolescents. For more information on drug treatment centers, see the quarterly highlight at the end of this section. According to INL, the U.S. government aims to further reduce the demand for drugs by supporting 15 mosque-based outreach and aftercare centers that provide a host of community services:<sup>512</sup>

- shelter and crisis intervention for destitute drug addicts
- individual and group counseling
- aftercare services for recovering addicts (Narcotics Anonymous)
- meeting facilities for peer/family support groups for recovering persons
- relapse prevention services
- provision of basic drug information to schools and community members

To strengthen the impact of drug demand reduction services, INL will fund the implementation of a drug prevention program in Kabul high schools. To assist with the eventual transition to Afghan leadership, the U.S. government is helping build the GIRA's counter-narcotics capacity by sponsoring training for drug treatment professionals, according to INL.<sup>513</sup>

During this quarter, the GAO reported that an estimated 12% to 41% of ANP recruits have tested positive for drugs. DoS noted that demand reduction programs are not currently geared toward police forces because of limited financial resources. However, the GAO reports that DoS and DoD are considering plans to establish rehabilitation clinics dedicated to regional police training centers. Officials from DoS and DoD stated that the ministries of Interior and of Public Health have made efforts to establish a drug rehabilitation center in Kabul for priority use by the ANP.<sup>514</sup>

In an attempt to provide perspective on the breadth of the problem, the UNODC conducted its first survey of drug use in Afghanistan in 2005. At that time, the UNODC estimated that Afghanistan had 920,000 illicit drug users—approximately 3.8% of the population (23.85 million).<sup>515</sup> The UNODC is expected to conduct another drug use survey this year, according to the GAO.<sup>516</sup> INL reported that it will conduct a separate, independent, nationwide drug use survey in 2010; to determine levels of drug use, it will collect toxicological samples (for example, from hair or urine).<sup>517</sup>

## Capacity Development

The concept of the Afghan First approach is to provide support to Afghan leadership, capacity-building, sustainability, and local procurement initiatives.<sup>518</sup> At the London conference, the international community reiterated the importance of the Afghan government “meet[ing] the needs of its people through developing its own institutions and resources.”<sup>519</sup>

Specifically, the United States has provided a significant amount of capacity-building assistance to the Counter-Narcotics Police Afghanistan (CNPA). In March, the GAO reported that the DEA works with the CNPA to conduct investigations, build cases, and arrest drug traffickers. The DEA also mentors specialized units of the CNPA; DoD trains, equips, and sustains these units. DoD also supports capacity building for the CNPA through the construction of forward operating bases and other infrastructure projects. DoS supports the operation and maintenance costs of some of the infrastructure built under DoD projects.<sup>520</sup>

A recent inter-agency evaluation identified organizational capacity as a critical weakness of the CNPA, according to the GAO. To strengthen the CNPA’s organizational capacity, DoD is working to develop ratings to measure such CNPA support functions as logistics, financial management, administration, and training.<sup>521</sup>

Since December 2009, DoD has supported the deployment of four advisors from the Department of Justice’s International Criminal Investigative Training Assistance Program to the Combined Security Transition Command - Afghanistan (CSTC-A). These advisors are assessing CNPA training needs, exploring ways to reform, and seeking to coordinate CNPA training requirements with the larger police training mission.<sup>522</sup> DoS reports that as part of the new counter-narcotics strategy, capacity-building efforts will also be extended to the MCN, MoI, the Counter-Narcotics Judicial Task Force, the Major Crimes Task Force, and the Counter-Narcotics Tribunal.<sup>523</sup>

## CHALLENGES

The profits that insurgents receive from the drug trade perpetuate both the trade and the overall conflict. In 2009, Afghan drug traffickers earned approximately \$1.9 billion from trading opiates—equivalent to one-fifth of Afghanistan’s gross domestic product.<sup>524</sup> Furthermore, corruption, weak governance, and poor security hamper the progress of counter-narcotics efforts, according to DoS.<sup>525</sup>

## Narcotics and the Insurgency

One of the main goals of the U.S. whole-of-government approach, as re-emphasized by DoS in the stabilization strategy, is to “counter the insurgency-narcotics nexus and reduce funding to the Taliban and other anti-government forces.”<sup>526</sup> The drug trade is a significant source of funding for the insurgency: according to the GAO, \$90 million to \$160 million of the estimated \$3 billion generated by the industry is channeled to the insurgency each year.<sup>527</sup>

In the 2010 International Narcotics Control Strategy Report, DoS noted that most poppy cultivation occurs in areas where there is high insurgent activity. Insurgents greatly influence the drug trade, as well as farmers’ decisions to cultivate poppy: DoS reported that narcotics traffickers provide revenue and material support (for example, vehicles, weapons, and shelter) to the insurgents, who in turn provide protection to poppy farmers and traffickers. The insurgents also promise to prevent the GIRoA from interfering with farmers’ illicit activities.<sup>528</sup>

According to DoD, the **Combined Joint Interagency Task Force – Nexus** continued to provide operational and intelligence support to ISAF and international law enforcement agencies during this quarter. DoD has ordered additional analytical support for the Task Force, to increase its capabilities. The additional analysts will significantly enhance the center’s ability to develop targets for coalition military forces that conduct counter-insurgency operations.<sup>529</sup>

## Corruption

In addition to funding the insurgency, the drug trade fuels corruption. A recent UNODC corruption survey estimated that Afghans paid approximately \$2.5 billion in bribes and related payments in 2009 and showed that Afghans view corruption as a more serious issue than security.<sup>530</sup> The survey found that corruption opens the door for a number of crimes to be committed with minimal consequences for the perpetrators. Those crimes include drug trafficking.<sup>531</sup>

As noted in SIGAR’s January 2010 report, Afghanistan ranks 179 of 180 countries in Transparency International’s Corruption Perception Index.<sup>532</sup> According to DoS, many provincial and district officials are believed to profit personally from the drug trade. Specific corrupt activities include facilitating drug activities and reaping benefits from revenue streams derived from the drug trade.<sup>533</sup>

In an effort to combat corruption, the new Afghan Customs Academy (Kabul) officially opened in January 2010 and graduated the first class of customs professionals (55 personnel) in March 2010, according to DoD. The purpose of the Academy is to train professional customs officials, with the goal of increasing customs revenues to deter the desire to obtain funds in a corrupt manner. DoD funded the construction of the Academy and the training.<sup>534</sup>

### **Combined Joint Interagency Task**

**Force – Nexus:** a force established by DoD that is intended to provide coordination support, intelligence, and target packages for DEA interdiction missions, as well as ISAF counter-insurgency operations that target insurgents linked to the drug trade

Source: GAO, GAO-10-291, “Afghanistan Drug Control: Strategy Evolving and Progress Reported, but Interim Performance Targets and Evaluation of Justice Reform Efforts Needed,” 3/2010, p. 9.

“Cultivation and trafficking of illicit drugs is another serious threat that is directly intertwined with terrorism and corruption.”

—Afghan President Hamid Karzai

Source: Afghanistan Office of the President, “Un-Official Translation of the Inaugural Speech by H.E. Hamid Karzai – President of the Islamic Republic of Afghanistan,” p. 6, accessed online 4/9/2010.

## Border Patrol

Preventing drugs from flowing across Afghanistan’s borders is a difficult task, as reported by the UNODC in January. The Afghan Border Police have responsibility for this effort but have faced challenges fulfilling their duties because of the dangerous nature of the job, substandard pay, and minimal prospects for career advancement.<sup>535</sup>

To enhance support for border patrol, DoD reported that in February 2010, six additional mentors funded by DoD and U.S. Central Command were added to the U.S. Embassy Kabul Border Management Task Force. Three of the mentors will be deployed to Kandahar and three to Kabul International Airport. The Task Force mentors serve in an oversight capacity to provide border control expertise for GIRoA border security forces. This helps reduce corruption and provide support to law enforcement interdiction activities.<sup>536</sup>

Furthermore, DoD and U.S. Central Command partially funded the expansion of the Department of Homeland Security Customs and Border Protection Office in the U.S. Embassy Kabul. According to DoD, the expansion increases the capacity of the Department of Homeland Security to oversee border and customs programs in coordination with the GIRoA.<sup>537</sup>

## Security

The unstable security situation in the southern and western regions of Afghanistan continues to pose a significant threat to the counter-narcotics effort. In February 2010, the UNODC reported that anti-government elements are now making strides in the northern region—specifically, in Kunduz.<sup>538</sup> According to a UNODC survey, poppy cultivation is inextricably linked to poor security conditions as represented in Figure 3.40.<sup>539</sup>

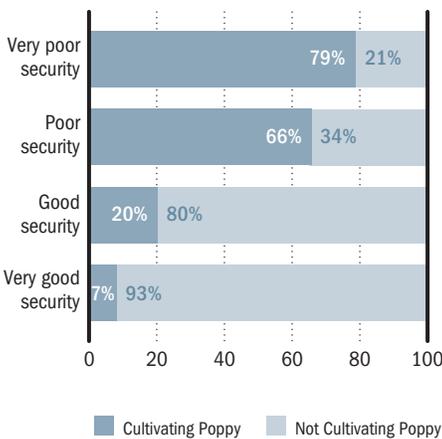
## Governance

An effective governance system is necessary to help combat the drug trade, according to the UNODC. In February 2010, the UNODC reported that effective governance depends largely on the leadership and integrity of individual governors, as well as the local security situation.<sup>540</sup> As noted in SIGAR’s January report, most opium originates in the south and west, where government control is the weakest.<sup>541</sup> In many parts of the country, the weak authority of the central government is overtly challenged or replaced by anti-government elements. According to the Afghanistan NGO Safety Office, insurgents control nearly half of the country. The Taliban’s system of taxation and “shadow” tribunals provides the only form of criminal justice and security in these areas of weak governance.<sup>542</sup>

In February 2010, the UNODC reported that in the southern and western regions weak governance continues to be a dominant factor in farmers’ decisions to cultivate poppy. A strong governance structure appears to influence farmers’ decisions: 61% of UNODC survey respondents in the northern region cited the illegality of the activity as the factor motivating their decision not to cultivate.<sup>543</sup>

FIGURE 3.40

### POPPY CULTIVATION RELATIVE TO VILLAGE SECURITY SITUATION



Note: Security classifications as provided by UNODC.

Source: UNODC, “Afghanistan Opium Survey 2010: Winter Rapid Assessment,” 2/2010, p. 12.

## Money Laundering

In the 2010 International Narcotics Control Strategy Report, DoS reported that the illicit drug trade is the primary source of laundered funds in Afghanistan. Furthermore, limited capacity, limited expertise, lack of resources, and lack of political will limit the ability of the GIRoA to successfully combat financial crimes.<sup>544</sup> The UNODC reported that the profits generated from the heroin trade alone amount to roughly \$55 billion a year.<sup>545</sup>

## EMERGING THREAT OF CANNABIS

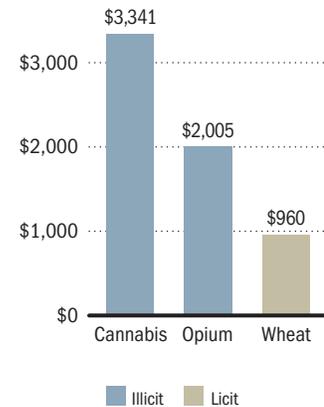
Cannabis is becoming a major problem in the fight against narcotics in Afghanistan, according to the UNODC. In terms of cultivation, Afghanistan trails behind many cannabis-cultivating countries, with approximately 10,000 to 24,000 ha cultivated per year. In terms of yield, however, Afghanistan is the leader, with 145 kg of resin, or **hashish**, per ha. This makes the country the world's largest producer, at an estimated 1,500 to 3,500 tons per year.<sup>546</sup>

Cannabis reaps even higher returns than opium—\$3,341 per ha compared with \$2,005 per ha. These returns are due to the low costs associated with processing and harvesting cannabis. When measured against the income generated from cultivating licit crops such as wheat (\$960 per ha), the financial incentive to cultivate illicit crops is evident, as represented in Figure 3.41.<sup>547</sup>

Cannabis cultivation is also concentrated in areas with weak security. The UNODC cannabis survey reported that 67% of farmers who cultivated poppy in 2009 also cultivated cannabis. Cannabis resin production accounted for approximately 0.4–0.9% of Afghanistan's GDP in 2009, according to the UNODC.<sup>548</sup> Funds generated from cannabis cultivation, production, and trafficking are taxed by the insurgency, providing insurgents with another source of revenue in addition to opium.<sup>549</sup>

FIGURE 3.41

ILLICIT AND LICIT CROPS, ANNUAL NET INCOME (\$/HECTARE)



Source: UNODC, "Afghanistan Cannabis Survey 2009," 4/2010, p. 6.

**Hashish:** Found in the cannabis plant, hashish is a resinous material rich in delta-9-tetrahydrocannabinol (THC).

Source: DEA, "Hashish," accessed online 4/11/2010.

## DRUG USE IN AFGHANISTAN

The UNODC is expected to conduct a seventh national study on drug use in Afghanistan in 2010, according to the GAO.<sup>550</sup> The first six were conducted between 1998 and 2005. According to the UNODC, drug use has been a major problem in Afghanistan for a number of years.<sup>551</sup>

### STATUS

INL could not provide a figure for the current number of drug users in Afghanistan but did report that INL staff have witnessed more than 2,000 addicts actively using drugs at the former Russian Culture Center in Kabul. In addition, some tribal elders have reported to INL that roughly half the residents of their villages are addicted to narcotics.<sup>552</sup>

In an effort to determine the effect of second-hand opium smoke on children's potential future drug use, INL conducted two small studies of opium-smoking homes; a third is ongoing. INL collected hair and urine samples from adults and children, as well as breast milk samples from nursing mothers. In the first study, 61% of the children tested positive for opiates; in the second, 74% tested positive. Some of the children had toxic concentrations of opiates many times greater than "an average hard-core heroin user in the United States."<sup>553</sup>

### CURRENT TREATMENT

According to INL, the GIRoA puts the total number of drug treatment centers in Afghanistan at 40. INL supports 28 of these centers. Beginning in April 2010, INL will extend support to 2 more centers, bringing the total of INL-supported centers to 30.<sup>554</sup> Figure 3.42 displays the concentration of drug treatment centers and their annual capacity.

The GIRoA provides support for the remaining treatment centers through the Ministry of Public Health (MoPH). Counselors visit patients' homes for 30-day treatment cycles, a practice that is known to be ineffective and to result in high relapse rates. Other practices by the MoPH cause INL to question the staff's knowledge

and expertise about addiction and treatment. For example, one high-level MoPH official advocated smoking opium as an alternative to using heroin intravenously—essentially promoting drug use.<sup>555</sup>

The Ministry of Counter-Narcotics (MCN), however, has been much more reliable than the MoPH in its provision of treatment. According to INL, the MCN understands the need for an effective drug treatment response that both "safeguards human capital and serves a counter-insurgency mission."<sup>556</sup> Representatives from the MCN, the Colombo Plan, and INL meet annually with treatment center coordinators and other stakeholders to revise progress in implementing effective treatment programs.<sup>557</sup>

### EFFORTS TO IMPROVE TREATMENT

INL is currently conducting a three-year outcome/impact evaluation to measure long-term treatment success. Success is identified as reduction in rates of drug use and relapse, reduction in criminal activity and recidivism rates, reduction in intravenous drug use that leads to HIV/AIDS, increase in employment, and improvement in mental health status. INL will conduct a separate scientific study to determine the severity of drug addiction. This information will help the United States, the GIRoA, and other stakeholders improve planning for drug use treatment centers.<sup>558</sup>

### BARRIERS TO COMBATING DRUG USE

A number of barriers impede the success of efforts to combat drug use in Afghanistan, according to INL. The pervasiveness and affordability of opium make it easily accessible to most of the population. In addition, drug treatment capacity is very limited. Only 10,216 drug users receive treatment each year, according to INL. The 2005 UNODC drug use survey reported 920,000 drug users in the country. That means that only 1% of the drug-using population receives treatment each year. Furthermore, limited access to medication leads some Afghans to use opium as a pain-killer. INL noted the need for a national anti-drug use campaign. This campaign would need to focus on the rural populations who have limited access to television and radio.<sup>559</sup>

# QUARTERLY HIGHLIGHT

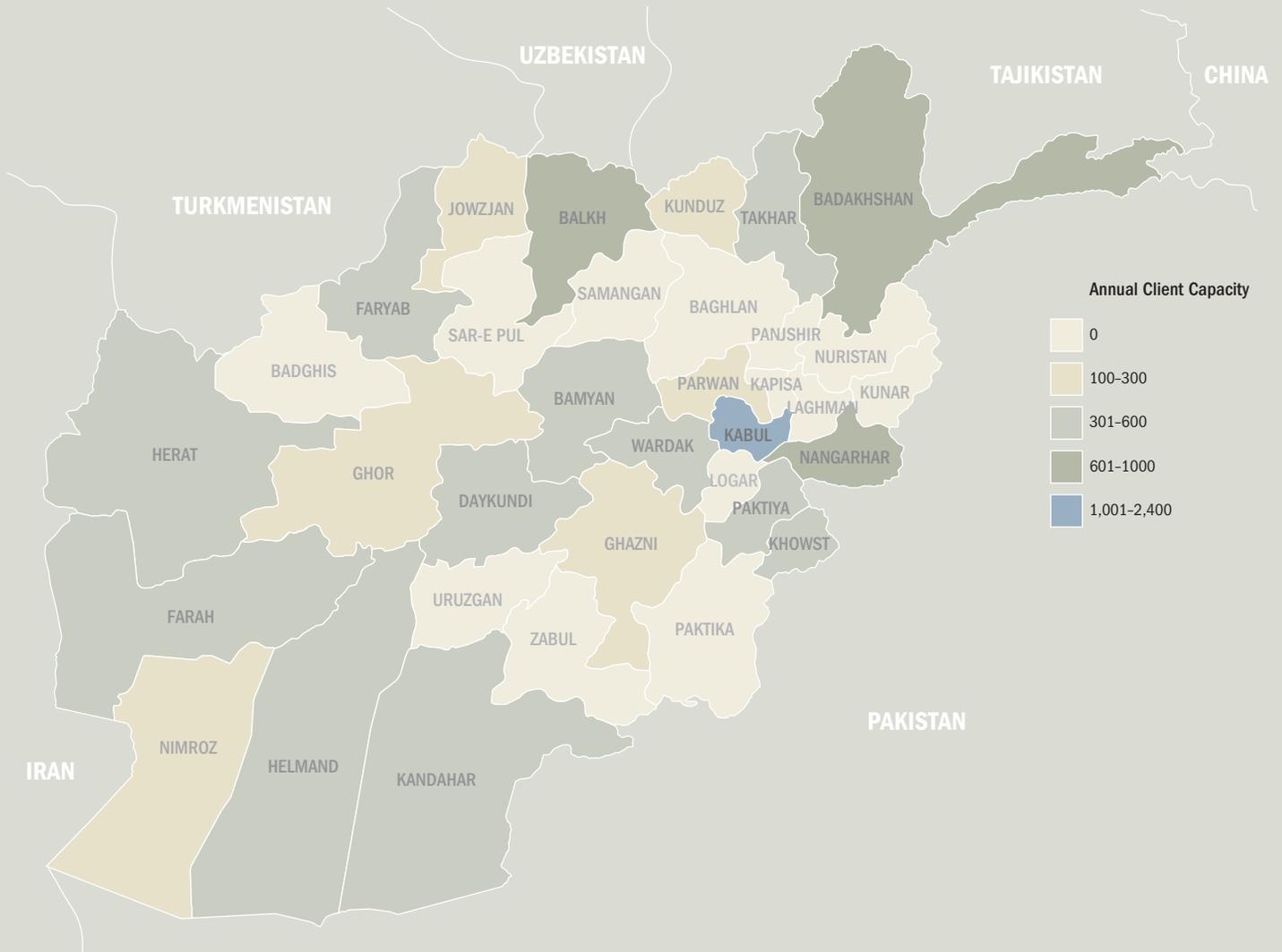
## SUCCESS STORIES

The establishment of the beginning of a drug treatment system on a national scale has been INL's biggest accomplishment to date. INL and the Colombo Plan countries have introduced evidence-based practices and conducted extensive training on how to treat patients and operate drug treatment centers effectively.<sup>560</sup>

INL also reported progress in the establishment of treatment centers for women and children. Despite cultural sensitivities about women and children leaving their homes for the 45-day treatment period, INL has demonstrated that the centers have no difficulty maintaining 100% occupancy. INL reported that it has plans under way to build on these success stories.<sup>561</sup>

FIGURE 3.42

DRUG ADDICTION TREATMENT CENTERS, CAPACITY BY PROVINCE



Note: Capacity for both residential/outpatient and home-based treatment.  
Source: INL, response to SIGAR vetting, 4/20/2010.

**Women in uniform**

An ANP policewoman stands at attention before the start of the International Women's Day Ceremony. Women in the ANP help the force better serve the population. (U.S. Air Force photo, SSgt. Larry E. Reid Jr.)

# 4 OTHER AGENCY OVERSIGHT





## OTHER AGENCY OVERSIGHT

Each quarter, the Special Inspector General for Afghanistan Reconstruction (SIGAR) requests updates from other agencies on completed and ongoing oversight activities. The following agencies are 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)

The descriptions appear as they were submitted with these changes for consistency with other sections of this report: acronyms and abbreviations in place of full names; standardized capitalization, hyphenation, and preferred spellings; and third-person instead of first-person construction.

### COMPLETED OVERSIGHT ACTIVITIES

Table 4.1 lists the eight reconstruction or security-related oversight projects the participating agencies reported were completed this quarter.

TABLE 4.1

RECENTLY COMPLETED OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF MARCH 31, 2010			
Agency	Report Number	Date Issued	Project Title
DoD OIG	D-2010-042	2/9/2010	Joint DoD and DoS Audit on DoD Obligations and Expenditures of Funds Provided to Department of State for the Training and Mentoring of the Afghan National Police
DoS OIG-MERO	MERO-A-10-6		
DoD OIG	D-2010-034	1/8/2010	Internal Controls over Army, General Fund, Cash and Other Monetary Assets Held in Southwest Asia
DoS OIG-MERO	MERO-A-10-03	3/12/2010	Effectiveness of INL's Air Wing Programs in Afghanistan and Pakistan
GAO	GAO-10-509T	3/23/2010	Iraq and Afghanistan: Agencies Face Challenges in Tracking Contracts, Grants, Cooperative Agreements, and Associated Personnel
GAO	GAO-10-551T	3/17/2010	Warfighter Support: Continued Actions Needed by DoD to Improve and Institutionalize Contractor Support in Contingency Operations
GAO	GAO-10-291	3/9/2010	Afghanistan Drug Control: Strategy Evolving and Progress Reported, but Interim Performance Targets and Evaluation of Justice Reform Efforts Needed
USAID OIG	5-306-10-007-P	3/31/2010	Audit of USAID/Afghanistan's Human Resources and Logistical Support Program
USAID OIG	5-306-10-006-P	1/29/2010	Audit of USAID/Afghanistan's Building Education Support Systems for Teachers Project

Note: MERO = Middle East Regional Office.

Sources: DoD OIG, response to SIGAR data call, 4/6/10; DoS OIG-MERO, response to SIGAR data call, 4/2/10; GAO, response to SIGAR data call, 4/1/10; USAAA, response to SIGAR data call, 4/2/10; USAID OIG, response to SIGAR data call, 4/6/10.

## Department of Defense Office of Inspector General

**Joint DoD and DoS Audit on DoD Obligations and Expenditures of Funds Provided to Department of State for the Training and Mentoring of the Afghan National Police**  
(DoD Report No. D-2010-042, DoS OIG-MERO Report No. MERO-A-10-6, Issued February 9, 2010)

The Inspectors General of the Department of Defense and Department of State found the DoS Civilian Police Program contract does not meet DoD's needs in developing the Afghan National Police (ANP) to provide security in countering the growing insurgency in Afghanistan. DoS and DoD agreed to have DoD assume contractual responsibility for the primary ANP training program, which includes Regional Training Centers, basic ANP training, mentoring within the Afghan Ministry of Interior, and the DoD police mentor teams embedded in ANP units in districts throughout Afghanistan. The DoS internal controls were ineffective. We identified internal control weaknesses in the DoS contract oversight for the ANP training program. DoS did not maintain adequate oversight of government-furnished property, maintain contract files as required by the Federal Acquisition Regulation, always match goods to receiving reports, or follow internal control procedures requiring in-country contracting officer's representatives to review contractor invoices to determine if the costs were allowable, allocable, or reasonable prior to payment and validate deliverables.

DoD OIG was unable to determine if DoS expended Afghanistan Security Forces funds provided by DoD in accordance with congressional intent. DoD OIG also identified \$80 million in potential monetary benefits. In addition, DoS and DoD have not provided enough resources to adequately train members of the Afghan Women's Police Corps.

### **Internal Controls over Army, General Fund, Cash and Other Monetary Assets Held in Southwest Asia**

(Report No. D-2010-034, Issued January 8, 2010)

Internal controls were not in place or operating effectively at deputy disbursing offices in Afghanistan and Egypt that report to the disbursing officer for Disbursing Station 5570. Specifically, the deputy disbursing offices did not have adequate physical controls. In addition, the disbursing officer and the deputy disbursing officers (DDOs) did not have support for their cash-holding authority amounts, and DDOs were improperly appointed. We also found that DDOs incorrectly prepared Daily Statements of Accountability (SOA), inappropriately accepted checks, improperly stored checks, did not have comprehensive security programs and records of semiannual security reviews, and had deficient quarterly cash verifications. Lastly, during FY 2008, the Army used cash instead of government purchase cards to pay for trips in support of the Combined Security Transition Command - Afghanistan.

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

### **Audit of USAID/Afghanistan's Human Resources and Logistical Support Program** (Report No. 5-306-10-007-P, Issued March 31, 2010)

The objective was to determine if the program was achieving its main goals, which included providing human resource and logistical support to USAID to 1) help it monitor and support USAID-funded construction contractors and to 2) provide consulting services to the mission and Afghanistan ministries. This support included inspecting structures which had been previously built by USAID. The audit found that the program was successful in establishing a process for identifying USAID-built structures which are not earthquake resistant and had identified, at the time of the audit, 15 structures (out of 35 structures for which seismic evaluations were completed) as unsafe for occupancy. The audit, however, identified a number of very serious issues, and is making recommendations to immediately address these issues. These issues include the need 1) to vacate, demolish and/or repair USAID-built structures which have been found to be seismically unsafe; 2) to identify all USAID-built structures which are seismically compromised; 3) to correct defects found in five USAID-built agriculture program structures—defects that had been identified in a previous OIG audit; 4) to ensure that all mission construction projects are subject to engineering quality assurance oversight; and 5) to ensure the sustainability of a \$3.9 million data center developed under the program.

### **Audit of USAID/Afghanistan's Building Education Support Systems for Teachers Project**

(Report No. 5-306-10-006-P, Issued January 29, 2010)

The project was designed to: 1) improve teaching through massive training, particularly for those teachers already on the job and 2) institutionalize structures and systems in the Ministry of Education that support high-quality teaching. The audit objective was to conclude whether the project was achieving its main goals of helping improve educational quality by training teachers and institutionalizing structures and systems in the ministry. The audit concluded that four years into the five-year project, the project was progressing towards but had not achieved its main goals. In addition, the audit found that 1) a memorandum of understanding with the host government needed to be updated in order to implement significant changes the mission had planned for the remainder of the project; 2) high-value modifications to the project's subcontracts were not being approved as required—with the potential for the mission being held liable for significant subcontract termination costs; and 3) USAID branding and marking requirements were not being followed by the project implementer, such that even teachers who were being trained did not know that the training was being funded by the U.S. taxpayer. On a positive note, over 50,000 teachers had been trained under the project.

# OTHER AGENCY OVERSIGHT

## ONGOING OVERSIGHT ACTIVITIES

As of March 31, 2010, the participating agencies reported 40 reconstruction or security-related oversight activities in progress. The activities reported are listed in Table 4.2 and described in the following sections by agency.

TABLE 4.2

<b>ONGOING OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF MARCH 31, 2010</b>			
<b>Agency</b>	<b>Project Number</b>	<b>Date Initiated</b>	<b>Project Title</b>
DoD OIG	D2010-D000JB-0157.000	3/4/2010	Afghanistan National Army Equipment Maintenance Apprenticeship and Services Program Contract
DoD OIG	D2010-D000JA-0165.000	2/22/2010	Review of a U.S. Army Intelligence and Security Command Contract for Linguist Support
DoD OIG	D2010-D000JA-0138.000	2/18/2010	Information Operations in Afghanistan
DoD OIG	D2010-D000FL-0100.000	2/18/2010	Internal Controls Over the Disbursing Process for Commander's Emergency Response Program Payments Made to Support Operations in Afghanistan
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	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
DoD OIG	D2008-D000CD-0256.000	8/7/2008	DoD Body Armor Contracts
DoS OIG-MERO	10-MERO-3008	3/2010	Limited-Scope Review of Policies and Procedures for Vetting Foreign Service Nationals at Embassy Kabul in Afghanistan
DoS OIG-MERO	10-MERO-3007	2/2010	Kabul Embassy Security Force (KESF)
DoS OIG-MERO	10-MERO-3004	2/2010	Review of the Bureau of Population, Refugees, and Migration (PRM) Program Effectiveness to Reintegrate and Resettle Afghan Refugees
DoS OIG-MERO	10-MERO-3002	2/2010	Review of the Department of State's Contract with PAE to Provide Operations and Maintenance to Embassy Kabul
DoS OIG-MERO	10-MERO-3001	2/2010	Review of the Department of State's Contract with PAE to Provide Operations and Maintenance to Afghan Counternarcotics Units in Afghanistan
GAO	320744	1/21/2010	Security Environment in Afghanistan
GAO	320749	1/19/2010	Framework for the U.S. Strategy in Afghanistan
GAO	120874	11/12/2009	Annual Mandated Review of Contracting in Afghanistan and Iraq
GAO	320723	10/27/2009	Review of U.S. Civilian-Military Campaign Plans for Afghanistan
GAO	351399	10/19/2009	DoD's Oversight of Operational Contract Support in Afghanistan
GAO	351388	10/2/2009	Availability of Trained and Ready Forces to Support Military Operations in Iraq and Afghanistan

# OTHER AGENCY OVERSIGHT

TABLE 4.2 (CONTINUED)

## ONGOING OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF MARCH 31, 2010

Agency	Project Number	Date Initiated	Project Title
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	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 Agricultural and Alternative Development Projects in Afghanistan
GAO	120812	2/19/2009	Contractors Performing Contract Management or Administration for Other Contracts or Grants in Iraq and Afghanistan
USAAA	A-2010-ALL-0103.000	2/22/2010	Controls Over Vendor Payments Phase II - Afghanistan
USAAA	A-2010-ALL-0083.000	2/8/2010	Logistics Civil Augmentation Program (LOGCAP) IV Operations in Support of Operation Enduring Freedom - Afghanistan
USAAA	A-2009-ALL-0531.000	5/19/2009	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 Alternative Development Program Expansion, South and West
USAID OIG	Not provided	Not provided	Review of Security Costs Charged to Three USAID Projects by Edinburgh International for the Period January 1 to December 31, 2009
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 Afghanistan Vouchers for Increased Production in Agriculture Program

Sources: DoD OIG, response to SIGAR data call, 4/6/2010; DoS OIG-MERO, response to SIGAR data call, 4/2/2010; GAO, response to SIGAR data call, 4/1/2010; USAAA, response to SIGAR data call, 4/2/2010; USAID OIG, response to SIGAR data call, 4/6/2010.

# OTHER AGENCY OVERSIGHT

## Department of Defense Office of Inspector General

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 second quarter of FY 2010, DoD OIG continued to deploy 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 DoD’s drawdown efforts in Iraq and increased operational tempo in Afghanistan. Field offices in Qatar, Iraq, Kuwait, and Afghanistan enhance its ability 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.

DoD OIG led Southwest Asia Joint Planning Group coordinates and deconflicts Federal and DoD OCO related oversight activities. The Group held its twelfth meeting in February 2010 and issued the FY 2010 update to the Comprehensive Oversight Plan for Southwest Asia in February 2010. The comprehensive plan was expanded beyond the statutorily mandates to include other functional areas that DoD OIG believes are germane to supporting Operations Enduring Freedom and Iraqi Freedom as well as the Overseas Contingency Operations such as contract administration and management, reset of equipment, financial management, and reconstruction support effort. 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.

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, armoring capabilities, 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, DoD OIG completed its congressionally requested joint audit with DoS OIG, which reviewed 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 second quarter of FY 2010, DoD OIG had 42 ongoing oversight activities and issued 10 reports that supports OEF. Of those 42 ongoing projects, 8 directly relate to reconstruction or security operations in Afghanistan and are incorporated in this quarterly report. Of the 10 reports issued, 2 reports directly relate to

reconstruction or security operations in Afghanistan and are incorporated in this quarterly report.

## **Afghanistan National Army Equipment Maintenance Apprenticeship and Services Program Contract**

(Project No. D2010-D000JB-0157.000, Initiated March 4, 2010)

DoD OIG is determining whether adequate quality assurance and quality control procedures exist for the Afghanistan National Army Vehicle and Maintenance Contract. Specifically, we will determine whether government contractual requirements have been met and adequate contract surveillance is being conducted. In addition, DoD OIG will determine whether the contractor requires additional warehouse space to effectively perform contractual tasks and whether the contractor submitted a fair and reasonable request for equitable adjustment for parts reimbursement.

## **Review of a U.S. Army Intelligence and Security Command Contract for Linguist Support**

(Project No. D2010-D000JA-0165.000, Initiated February 22, 2010)

DoD OIG is determining whether a U.S. Army Intelligence and Security Command contract for linguist support in Afghanistan (W911W4-07-D-0010) included appropriate security provisions.

## **Information Operations in Afghanistan**

(Project No. D2010-D000JA-0138.000, Initiated February 18, 2010)

DoD OIG is evaluating the ability of U.S. Central Command and U.S. Forces-Afghanistan to conduct Information Operations in Afghanistan. Additionally, DoD OIG will assess the support provided by DoD organizations that enable those commands to conduct Information Operations.

## **Internal Controls Over the Disbursing Process for Commander's Emergency Response Program Payments Made to Support Operations in Afghanistan**

(Project No. D2010-D000FL-0100.000, Initiated February 18, 2010)

The DoD OIG is determining whether the internal controls over the Commander's Emergency Response Program payments made to support operations in Afghanistan, and processed through DoD disbursing systems, are adequate. Specifically, DoD OIG will determine whether the controls ensure the reliability of computer-processed payment data and whether the payments are proper and used for their intended purpose.

## **Force Protection Programs for U.S. Forces in Afghanistan**

(Project No. D2010-D000JA-0091.000, Initiated 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,

# OTHER AGENCY OVERSIGHT

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.

## **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.

## **DoD Body Armor Contracts**

(Project No. D2008-D000CD-0256.000, Initiated August 7, 2008)

DoD OIG is examining the contracts and contracting process for body armor and related test facilities. Specific objectives will include evaluating the background and qualifications of the contractors, the criteria for awarding the contracts, the quality assurance process, and any relationships that may exist between the contractors and government officials. Our review of the quality assurance process will include reviewing the results of First Article Testing and Lot acceptance Testing for the body armor contracts. DoD OIG issued Report No. D-2010-029, on December 21, 2009, discussing the contract award of DoD Body armor contracts. DoD OIG plans to issue additional reports related to this project.

## Department of State Office of Inspector General— Middle East Regional Office

### Oversight Activities

#### Limited-Scope Review of Policies and Procedures for Vetting Foreign Service Nationals at Embassy Kabul in Afghanistan

(Project No. 10-MERO-3008, Initiated March 2010)

Objectives: The objectives of this performance audit are to determine: (1) review the policy and procedures used by the Foreign Service National Investigators (FSN-I) in pre-employment personnel security vetting of Afghan locally engaged staff, (2) review foreign service national investigation files, (3) document investigation techniques used by FSN-I personnel to vet foreign service nationals prior to employment with the Embassy, and (4) determine the degree of family and friendship relationships of current Embassy staff.

#### Kabul Embassy Security Force (KESF)

(Project No. 10-MERO-3007, Initiated February 2010)

Objectives: To provide an overall review and summary of the requirements and provisions of the Kabul Embassy Security Force contract. Specific objectives are: (1) the requirements and provisions of the contract, (2) whether contract performance measures have been established and are being achieved, (3) how well the Department has administered the contract to provide proper oversight of Armor Group of North America in Kabul, Afghanistan, (4) whether the contract is being effectively managed, (5) whether the contract includes FAR clause 52.222.50, which provides administrative remedies if, during the term of the contract, the contractor or subcontractor engage in severe forms of trafficking in persons, (6) whether Armor Group of North America provides for a safe and adequate living environment for the guards and whether DoS provides proper oversight of the contract and task orders.

#### Review of the Bureau of Population, Refugees, and Migration (PRM) Program Effectiveness to Reintegrate and Resettle Afghan Refugees

(Project No. 10-MERO-3004, Initiated February 2010)

Objectives: The objectives of this performance audit are to determine: (1) the requirements and provisions of agreements with UNHCR, ICRC, and NGOs; (2) how assistance requirements were calculated, (3) whether assistance reached intended targets, (3) if program performance measures were established and achieved; and (4) the effectiveness of Embassy Kabul and Provincial Reconstruction Teams to manage and coordinate the humanitarian response in Afghanistan.

# OTHER AGENCY OVERSIGHT

## **Review of the Department of State's Contract with PAE to Provide Operations and Maintenance to Embassy Kabul**

(Project No. 10-MERO-3002, Initiated February 2010)

Objectives: The objectives of this performance audit are to determine: (1) The requirements and provisions of the contract and task orders, (2) the amount of funding DoS has obligated and expended to provide embassy facility operations and maintenance through contracts for fiscal years 2005-2009, (3) the effectiveness of PAE's contract performance in providing facility operations and maintenance to Embassy Kabul, (4) PAE's controls for inventorying, recording, and safeguarding U.S. government-furnished equipment and property in Afghanistan, whether the equipment has been properly accounted for, and the challenges to maintaining accountability, (5) how well DoS administers and manages the contract and task orders to provide oversight of PAE's performance in Afghanistan, (6) whether the contract includes FAR clause 52.222.50, which provides administrative remedies if, during the term of the contract, the contractor or subcontractor engage in severe forms of trafficking in persons, and (7) how DoS ensures that costs are properly allocated and supported.

## **Review of the Department of State's Contract with PAE to Provide Operations and Maintenance to Afghan Counternarcotics Units in Afghanistan**

(Project No. 10-MERO-3001, Initiated February 2010)

Objectives: The objectives of this performance audit are to determine: (1) The requirements and provisions of the contract and task orders, (2) the amount of funding the Department has obligated and expended to provide embassy facility operations and maintenance through contracts for fiscal years 2005-2009, (3) the effectiveness of PAE's contract performance in providing facility operations and maintenance to Afghan counternarcotics units in Afghanistan, (4) PAE's controls for inventorying, recording, and safeguarding U.S. government-furnished equipment and property in Afghanistan, whether the equipment has been properly accounted for, and the challenges to maintaining accountability, (5) how well DoS administers and manages the contract and task orders to provide oversight of PAE's performance in Afghanistan, (6) whether the contract includes FAR clause 52.222.50, which provides administrative remedies if, during the term of the contract, the contractor or subcontractor engage in severe forms of trafficking in persons, and (7) how the Department ensures that costs are properly allocated and supported.

## Government Accountability Office

During the last quarter, GAO testified twice before the Congress and released one report pertaining to Afghanistan Drug Control.

- The first testimony was before the House of Representatives' Committee on Armed Services' Subcommittee on Oversight and Investigations. It addressed (1) how a lack of information hinders agencies' management and oversight of contracts, grants, cooperative agreements, and associated personnel, (2) the status of the agencies' continued efforts to implement the Synchronized Predeployment and Operational Tracker (SPOT) and (3) GAO's prior recommendation to improve SPOT's implementation (GAO-10-509T).
- The second testimony was before the House of Representatives' Committee on Appropriations' Subcommittee on Defense. It addressed (1) the challenges DoD faces when trying to provide management and oversight of contractors in Iraq and Afghanistan, and (2) the extent to which DoD has made progress in institutionalizing a department-wide approach to managing and overseeing operational contract support (GAO-10-551T).
- GAO's report on Afghanistan Drug Control noted that the U.S. counternarcotics strategy has shifted to align more closely with counterinsurgency efforts by de-emphasizing eradication, focusing more on interdiction efforts, and increasing agricultural assistance. GAO was, however, unable to fully assess the extent of progress due to a lack of performance measures and interim performance targets to measure Afghan capacity. Furthermore, GAO reported that a lack of security, political will, and Afghan government capacity have challenged some counternarcotics efforts. GAO also reported that drug abuse and addiction are prevalent among the Afghan National Police. In addition, GAO reported that U.S. agencies in all counternarcotics areas have monitored program progress through direct U.S. agency oversight, contractor reporting, and/or third-party verification and have conducted and documented program evaluations to improve effectiveness in the elimination/eradication, interdiction, and public information program areas. However, GAO noted that DoS has not formally documented evaluations of its justice reform program. GAO made several recommendations to DoS and DoD to improve performance measurement of U.S. counternarcotics programs and evaluate justice reform efforts (GAO-10-291).

In addition, GAO began two new engagements on the Framework for the U.S. Strategy in Afghanistan, the Security Environment in Afghanistan, and the U.S. Civilian Surge Efforts in Afghanistan.

# OTHER AGENCY OVERSIGHT

## **Oversight Activities**

### **Security Environment in Afghanistan**

(Project No. 320744, Initiated January 21, 2010)

This review will provide updated information on the security conditions in Afghanistan.

### **Framework for the U.S. Strategy in Afghanistan**

(Project No. 320749, Initiated January 19, 2010)

This review will outline the overall framework for the U.S. strategy in Afghanistan, including significant planning documents and their evolution.

### **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 27, 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 October 19, 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.

### **Availability of Trained and Ready Forces to Support Military Operations in Iraq and Afghanistan**

(Project No. 351388, Initiated October 2, 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.

### **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.

## **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 Operation Iraqi Freedom 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 wartime 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.

## **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.

# OTHER AGENCY OVERSIGHT

## **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 Agricultural and Alternative Development and 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. Army Audit Agency**

### **Oversight Activities**

#### **Controls Over Vendor Payments Phase II—Afghanistan**

(Project Code A-2010-ALL-0103.000, Initiated February 22, 2010)

This audit will determine if the Army has effective controls to ensure the accuracy of vendor payments for contingency operations in Southwest Asia (Afghanistan).

#### **Logistics Civil Augmentation Program (LOGCAP) IV Operations in Support of Operation Enduring Freedom—Afghanistan**

(Project Code A-2010-ALL-0083.000, Initiated February 8, 2010)

This audit will determine if services awarded under the LOGCAP IV contract in Afghanistan were managed in a reasonable and cost-effective manner.

#### **Commander's Emergency Response Program (CERP)—Afghanistan**

(Project Code A-2009-ALL-0531.000, Initiated May 19, 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-0320.000, 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, two performance audit reports were issued—one on improving the quality of Afghanistan's education system, and the other on human resource and logistical support provided to USAID. Five other performance audits were planned, in process, or in the draft report phase, as listed below.

### **Oversight Activities**

#### **Audit of USAID/Afghanistan's Alternative Development Program Expansion, South and West**

Objective: Determine if USAID/Afghanistan's Alternative Development Program Expansion, South and West, is achieving its main goal of counteracting illicit poppy cultivation by providing alternative development programs and improved economic opportunities in selected Southern and Western provinces.

#### **Review of Security Costs Charged to Three USAID Projects by Edinburgh International for the Period January 1 to December 31, 2009**

Objective: Determine if there an indication that Edinburgh International misused USAID funds to pay the Taliban or others in exchange for protection.

# OTHER AGENCY OVERSIGHT

## **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 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 INVESTIGATIONS**

SIGAR regularly coordinates with other government agencies conducting investigations in Afghanistan to monitor the progress of those investigations. As of March 31, 2010, five open cases were reported as under investigation by DoS OIG Investigations (DoS OIG-INV). Table 4.3 lists the number of open and closed investigations as of March 31, 2010.

TABLE 4.3

<b>INVESTIGATIVE ACTIVITIES: OTHER AGENCY INVESTIGATIONS</b>			
<b>Agency</b>	<b>Open Cases</b>	<b>Closed Cases</b>	<b>Total Cases</b>
DoS OIG-INV	5	0	5
<b>Total</b>	<b>5</b>	<b>0</b>	<b>5</b>

Source: DoS OIG-INV, response to SIGAR data call, 4/2/2010.

# OTHER AGENCY OVERSIGHT

## OTHER AGENCY INSPECTIONS

### ONGOING INSPECTIONS

SIGAR also coordinates with other agencies that are conducting inspections in Afghanistan. During the past quarter, DoS OIG-ISP reported that it had one ongoing inspection, listed in Table 4.4.

TABLE 4.4

ONGOING INSPECTION ACTIVITIES: OTHER AGENCY INSPECTIONS				
Agency	Project Number	Date Initiated	Project Title	Objective
DoS OIG-ISP	09-ISP-3051	9/2009	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, 4/2/2010.

**The Official Seal of SIGAR**

The Official Seal of SIGAR represents the coordination of efforts between the United States and Afghanistan to provide accountability and oversight of reconstruction activities. The phrase along the top side of the seal's center is in Dari and, 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

This appendix cross-references the pages of this report to the quarterly reporting and related requirements under SIGAR’s enabling legislation, the National Defense Authorization Act for Fiscal Year 2008, P.L. No. 110-181, § 1229 (Tables A.1 and A.2).

TABLE A.1

<b>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Section</b>
<b>Supervision</b>			
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
<b>Duties</b>			
Section 1229(f)(1)	<b>OVERSIGHT OF AFGHANISTAN RECONSTRUCTION.</b> — 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	SIGAR Oversight  Funding
Section 1229(f)(1)(B)	The monitoring and review of reconstruction activities funded by such funds	Review reconstruction activities funded by appropriations and donations	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)

<b>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Section</b>
Section 1229(f)(1)(E)	The maintenance of records on the use of such funds to facilitate future audits and investigations of the use of such fund[s]	Maintain audit records	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	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	Investigations
Section 1229(f)(2)	<b>OTHER DUTIES RELATED TO OVERSIGHT.—</b> 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)	<b>DUTIES AND RESPONSIBILITIES UNDER INSPECTOR GENERAL ACT OF 1978.—</b> 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)	<b>COORDINATION OF EFFORTS.—</b> 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	Other Agency Oversight
<b>Federal Support and Other Resources</b>			
Section 1229(h)(5)(A)	<b>ASSISTANCE FROM FEDERAL AGENCIES.—</b> 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)

<b>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Section</b>
Reports			
Section 1229(i)(1)	<p>QUARTERLY REPORTS.—</p> <p>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 –</p>	<p>Report – 30 days after the end of each calendar quarter</p> <p>Summarize activities of the inspector general</p> <p>Detailed statement of all obligations, expenditures, and revenues</p>	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	Funding 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	Funding
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	Funding
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	Funding Appendix B

# APPENDICES

TABLE A.1 (CONTINUED)

<b>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER P.L. NO. 110-181, § 1229</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Section</b>
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)	<b>PUBLIC AVAILABILITY.</b> – 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)	<b>FORM.</b> – 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

# APPENDICES

TABLE A.2

<b>CROSS-REFERENCE TO SEMIANNUAL REPORTING REQUIREMENTS UNDER SECTION 5 OF THE IG ACT OF 1978, AS AMENDED (5 U.S.C. APP.3)</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Section</b>
Section 5(a)(1)	“Description of significant problems, abuses, and deficiencies...”	Extract pertinent information from SWA/JPG member reports List problems, abuses, and deficiencies from SIGAR audit reports, investigations, and inspections	Other Agency Oversight  See letters of Inquiry at <a href="http://www.sigar.mil">www.sigar.mil</a>
Section 5(a)(2)	“Description of recommendations for corrective action...with respect to significant problems, abuses, or deficiencies...”	Extract pertinent information from SWA/JPG member reports  List recommendations from SIGAR audit reports	Other Agency Oversight  See letters of Inquiry at <a href="http://www.sigar.mil">www.sigar.mil</a>
Section 5(a)(3)	“Identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed...”	List all instances of incomplete corrective action from previous semiannual reports	In process
Section 5(a)(4)	“A summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted...”	Extract pertinent information from SWA/JPG member reports  List SIGAR Investigations that have been referred	Other Agency Oversight
Section 5(a)(5)	“A summary of each report made to the [Secretary of Defense] under section 6(b)(2)... ” (instances where information requested was refused or not provided)	Extract pertinent information from SWA/JPG member reports  List instances in which information was refused SIGAR auditors, investigators, or inspectors	Other Agency Oversight
Section 5(a)(6)	“A listing, subdivided according to subject matter, of each audit report, inspection report and evaluation report issued...” showing dollar value of questioned costs and recommendations that funds be put to better use	Extract pertinent information from SWA/JPG member reports  List SIGAR reports	Other Agency Oversight
Section 5(a)(7)	“A summary of each particularly significant report.. ”	Extract pertinent information from SWA/JPG member reports  Provide a synopsis of the significant SIGAR reports	Other Agency Oversight  A full list of significant reports can be found at <a href="http://www.sigar.mil">www.sigar.mil</a>
Section 5(a)(8)	“Statistical tables showing the total number of audit reports and the total dollar value of questioned costs...”	Extract pertinent information from SWA/JPG member reports  Develop statistical tables showing dollar value of questioned cost from SIGAR reports	See reports of SWA/JPG members  In Process

# APPENDICES

TABLE A.2 (CONTINUED)

<b>CROSS-REFERENCE TO SEMIANNUAL REPORTING REQUIREMENTS UNDER SECTION 5 OF THE IG ACT OF 1978, AS AMENDED (5 U.S.C. APP.3)</b>			
<b>Public Law Section</b>	<b>SIGAR Enabling Language</b>	<b>SIGAR Action</b>	<b>Section</b>
Section 5(a)(9)	"Statistical tables showing the total number of audit reports, inspection reports, and evaluation reports and the dollar value of recommendations that funds be put to better use by management..."	Extract pertinent information from SWA/JPG member reports	See reports of SWA/JPG members
		Develop statistical tables showing dollar value of funds put to better use by management from SIGAR reports	In Process
Section 5(a)(10)	"A summary of each audit report, inspection report, and evaluation report issued before the commencement of the reporting period for which no management decision has been made by the end of reporting period, an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision..."	Extract pertinent information from SWA/JPG member reports	See reports of SWA/JPG members
		Provide a synopsis of SIGAR audit reports in which recommendations by SIGAR are still open	None
Section 5(a)(11)	"A description and explanation of the reasons for any significant revised management decision..."	Extract pertinent information from SWA/JPG member reports	See reports of SWA/JPG members
		Explain SIGAR audit reports in which significant revisions have been made to management decisions	None
Section 5(a)(12)	"Information concerning any significant management decision with which the Inspector General is in disagreement..."	Extract pertinent information from SWA/JPG member reports	See reports of SWA/JPG members
		Explain SIGAR audit reports in which SIGAR disagreed with management decision	No disputed decisions during the reporting period
Section 5(a)(13)	"Information described under Section 804 [sic] of the Federal Financial Management Improvement Act of 1996..." (instances and reasons when an agency has not met target dates established in a remediation plan)	Extract pertinent information from SWA/JPG member reports	See reports of SWA/JPG members
		Provide information where management has not met targets from a remediation plan	No disputed decisions during the reporting period

Covered "contracts, grants, agreements, and funding mechanisms" are defined in paragraph (2) of Section 1229(i) of PL. 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
<b>SECURITY</b>		
Afghanistan Security Forces Fund (ASFF)	DoD	25,229.24
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
<b>Total: Security</b>		<b>26,745.94</b>
<b>GOVERNANCE &amp; DEVELOPMENT</b>		
Commander's Emergency Response Program (CERP)	DoD	2,639.00
Economic Support Fund (ESF)	USAID	9,738.59
Development Assistance (DA)	USAID	887.22
Afghanistan Freedom Support Act (AFSA)	DoD	550.00
Child Survival & Health (CSH + GHAI)	USAID	486.42
Commodity Credit Corp (CCC)	USAID	25.87
Freedom Support Act (FSA)	USAID	5.00
USAID (other)	USAID	31.37
Non-Prolif, Antiterrorism, De-mining, & Related (NADR)	DoS	371.60
Provincial Reconstruction Team Advisors	USDA	5.70
Treasury Technical Assistance	Treasury	3.33
Treasury (Other)	Treasury	6.71
<b>Total: Governance &amp; Development</b>		<b>14,750.81</b>
<b>COUNTER-NARCOTICS</b>		
International Narcotics Control & Law Enforcement (INCLE)	DoS	2,685.24
Drug Interdiction & Counter-Drug Activities, (DoD CN)	DoD	1,425.27
Drug Enforcement Administration (DEA)	DoJ	127.37
<b>Total: Counternarcotics</b>		<b>4,237.88</b>
<b>HUMANITARIAN</b>		
PL 480 Title I	USDA	5.00
PL 480 Title II	USAID	701.21
Disaster Assistance (IDA)	USAID	346.33
Transition Initiatives (TI)	USAID	33.86
Migration and Refugee Assistance (MRA)	DoS	578.21
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	22.40
<b>Total: Humanitarian</b>		<b>2,036.67</b>
<b>INTERNATIONAL AFFAIRS OPERATIONS</b>		
Oversight		76.20
Other		3,644.70
<b>Total: International Affairs Operations</b>		<b>3,720.90</b>
<b>TOTAL FUNDING</b>		<b>51,492.20</b>

Notes: Numbers affected by rounding. Updated data resulted in higher appropriations figures for FY 2009 and FY 2010 than those reported as of 12/31/2009. Amounts appropriated are reported as provided by OMB where agency data is unavailable or reported as part-year amounts apportioned or allotted.

Sources: OMB, response to SIGAR data call, 4/19/2010; USAID, responses to SIGAR data call, 4/15/2010 and 10/9/2009; DoD, responses to SIGAR data call 4/14/2010, 4/13/2010, and 10/1/2009; DoS, responses to SIGAR data call, 4/9/2010 and 1/8/2010; FY 2010 DoD Appropriations Act Explanatory Statement; Treasury, 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	6,562.77
	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
	<b>57.20</b>	<b>191.30</b>	<b>564.30</b>	<b>1,682.60</b>	<b>1,908.93</b>	<b>7,407.50</b>	<b>2,761.50</b>	<b>5,608.34</b>	<b>6,564.27</b>
	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	94.30
	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	3.55	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	0.08	0.66	0.33	0.26	0.13	0.74	0.33
	0.49	0.42	0.00	0.00	0.00	0.89	0.49	1.21	3.21
	<b>195.12</b>	<b>534.26</b>	<b>1,332.41</b>	<b>1,911.41</b>	<b>935.39</b>	<b>1,725.04</b>	<b>2,162.90</b>	<b>2,761.64</b>	<b>3,192.64</b>
	60.00	0.00	220.00	709.28	232.65	251.74	307.57	484.00	420.00
	0.00	0.00	71.80	224.54	108.05	290.97	189.64	230.06	310.21
	0.58	2.87	3.72	16.77	23.66	20.38	40.59	18.80	0.00
	<b>60.58</b>	<b>2.87</b>	<b>295.52</b>	<b>950.59</b>	<b>364.36</b>	<b>563.09</b>	<b>537.80</b>	<b>732.86</b>	<b>730.21</b>
	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	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	17.01	27.29	2.80
	8.07	11.69	11.22	1.60	0.00	0.00	0.00	0.87	0.41
	135.47	61.50	63.30	47.10	36.00	53.80	44.25	86.79	50.00
	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	22.40	0.00	0.00
	<b>595.49</b>	<b>249.23</b>	<b>204.66</b>	<b>165.16</b>	<b>144.36</b>	<b>123.30</b>	<b>281.21</b>	<b>192.65</b>	<b>80.61</b>
	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
	<b>155.60</b>	<b>35.30</b>	<b>207.60</b>	<b>136.10</b>	<b>131.90</b>	<b>210.30</b>	<b>448.70</b>	<b>1,073.50</b>	<b>1,321.90</b>
	<b>1,063.99</b>	<b>1,012.96</b>	<b>2,604.49</b>	<b>4,845.86</b>	<b>3,484.94</b>	<b>10,029.23</b>	<b>6,192.11</b>	<b>10,368.99</b>	<b>11,889.63</b>

## APPENDIX C SIGAR AUDITS

### Completed Audits

SIGAR completed four audits as of April 30, 2010, as listed in Table C.1.

TABLE C.1

<b>SIGAR COMPLETED AUDITS, AS OF APRIL 30, 2010</b>			
<b>Agency</b>	<b>Report Identifier</b>	<b>Date Issued</b>	<b>Report Title</b>
SIGAR	SIGAR-Audit-10-10	4/30/2010	ANA Garrison at Gamberi Appears Well Built Overall, but Some Construction Issues Need To Be Addressed
SIGAR	SIGAR-Audit-10-9	4/30/2010	ANA Garrison at Kunduz Does Not Meet All Quality and Oversight Requirements; Serious Soil Issues Need to be Addressed
SIGAR	SIGAR-Audit-10-8	4/9/2010	Afghanistan's Control and Audit Office Requires Operational and Budgetary Independence, Enhanced Authority, and Focused International Assistance to Effectively Prevent and Detect Corruption
SIGAR	SIGAR-Audit-10-7	3/1/2010	The Tojg Bridge Construction Is Nearly Complete, but Several Contract Issues Need To Be Addressed

### New Audits

SIGAR initiated two new audits as of April 30, 2010, as listed in Table C.2.

TABLE C.2

<b>SIGAR NEW AUDITS, AS OF APRIL 30, 2010</b>			
<b>Agency</b>	<b>Audit Identifier</b>	<b>Date Initiated</b>	<b>Project Title</b>
SIGAR	SIGAR-021A	4/2010	Review of the Implementation of the Civilian Uplift in Support of the U.S. Reconstruction Effort in Afghanistan
SIGAR	SIGAR-023A	4/2010	Review of Afghanistan's National Solidarity Program

## Ongoing Audits

As of April 30, 2010, SIGAR has 10 audits in progress, as listed in Table C.3.

TABLE C.3

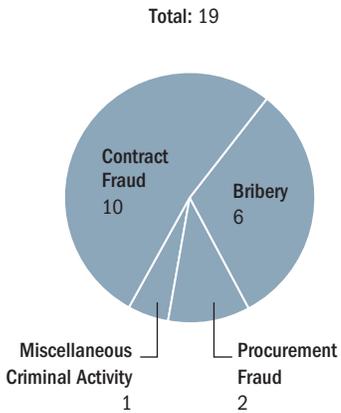
<b>SIGAR ONGOING AUDITS, AS OF APRIL 30, 2010</b>			
<b>Agency</b>	<b>Audit Identifier</b>	<b>Date Initiated</b>	<b>Project Title</b>
SIGAR	SIGAR-020A	1/2010	Review of Salary Support Provided by U.S. Government Agencies to Afghan Government Officials
SIGAR	SIGAR-018A	12/2009	Identification of Major Venders for Reconstruction Contracts in Afghanistan
SIGAR	SIGAR-017A	11/2009	Contract Audit: Reconstruction Security Support Services from Global Strategies Group, Inc.
SIGAR	SIGAR-014A	11/2009	Contract Audit: Construction of the ANA Brigade Garrison in Farah Province
SIGAR	SIGAR-008-I	10/2009	Review of the Construction Contract of the Joint Regional ANSF Complex Outside the Kandahar Airfield
SIGAR	SIGAR-013A	9/2009	Review of ANSF Personnel Management
SIGAR	SIGAR-012A	9/2009	System to Assess the Capabilities of the ANSF
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-006A	3/2009	Review of U.S. Assistance for the Preparation and Conduct of Presidential and Provincial Council Elections in Afghanistan

## APPENDIX D SIGAR INVESTIGATIONS AND HOTLINE

### SIGAR Investigations

FIGURE D.1

**SIGAR INVESTIGATIONS: OPEN CASES, JANUARY 1–MARCH 30, 2010**

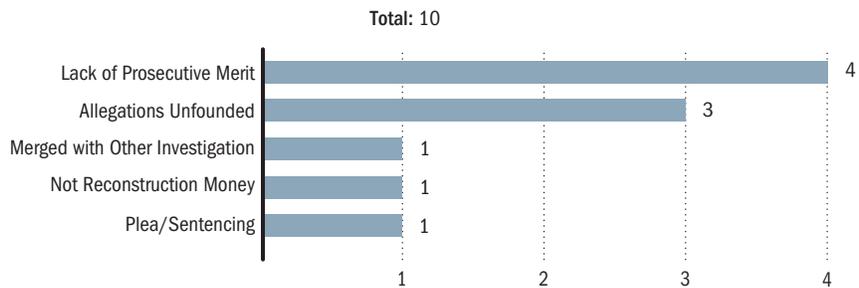


Source: SIGAR Investigations Directorate, 4/13/2010.

This quarter, SIGAR opened 19 new investigations and closed 10. Of the 19 new cases, most involved contract fraud and bribery, as shown in Figure D.1. SIGAR closed 10 cases for a variety of reasons, as shown in Figure D.2.

FIGURE D.2

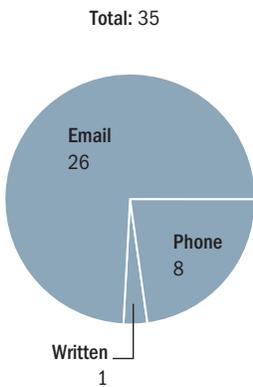
**SIGAR INVESTIGATIONS: CLOSED CASES, JANUARY 1–MARCH 30, 2010**



Source: SIGAR Investigations Directorate, 4/13/2010.

FIGURE D.3

**SOURCE OF SIGAR HOTLINE COMPLAINTS, JANUARY 1–MARCH 30, 2010**



Source: SIGAR Investigations Directorate, 4/15/2010.

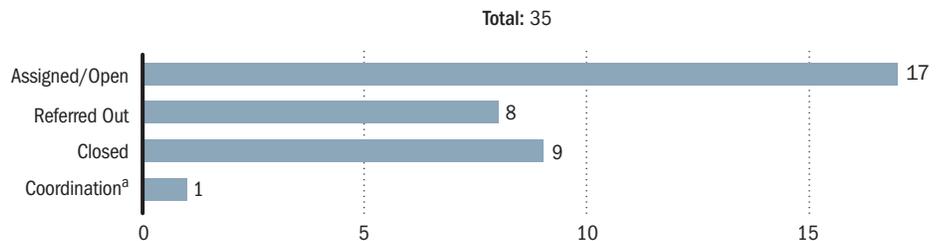
### SIGAR Hotline

#### Reported Complaints

Of the 35 Hotline complaints received last quarter, most were received by email or telephone, as shown in Figure D.3. These complaints have been assigned, referred to other agencies, closed, or under coordination, as shown in Figure D.4.

FIGURE D.4

**SIGAR HOTLINE COMPLAINTS: STATUS JANUARY 1–MARCH 30, 2010**



a. Case has been reviewed, and SIGAR is obtaining additional information.

Source: SIGAR Investigations Directorate, 4/15/2010.

## APPENDIX E

### ABBREVIATIONS AND ACRONYMS

ABBREVIATION OR ACRONYM	DEFINITION
AACP	Afghan Anti-Crime Police
ABP	Afghan Border Police
ADP/SW	Alternative Development Program South-West
ADU	Afghan Defense University
AED-North	Afghanistan Engineer District - North
AIHRC	Afghanistan Independent Human Rights Commission
ANA	Afghan National Army
ANAAC	Afghan National Army Air Corps
ANCOP	Afghan National Civil Order Police
ANDS	Afghanistan National Development Strategy
ANII	American Nuristani Import International Company
ANP	Afghan National Police
ANSF	Afghan National Security Forces
AP3	Afghan Public Protection Program
APPF	Afghan Public Protection Force
APTT	Afghan Police Training Team
ASFF	Afghanistan Security Forces Fund
ASMED	Afghanistan Small and Medium Enterprise Development
AUP	Afghan Uniform Police
AVIPA	Afghanistan Vouchers for Increased Productive Agriculture
BCC	Border Coordination Center
CAO	Control and Audit Office (Afghan)
CASA-1000	Central Asia South Asia Transmission and Trade Project
CBD	Community-Based De-mining
CENTCOM	Central Command (U.S.)

# APPENDICES

<b>ABBREVIATION OR ACRONYM</b>	<b>DEFINITION</b>
CERP	Commander's Emergency Response Program
CHAMP	Commercial Horticulture and Agricultural Marketing Program
CID	Criminal Investigative Command (formerly Division) (U.S. Army)
CM	capability milestone
CNPA	Counter-Narcotics Police - Afghanistan
COIN	counter-insurgency
CPC	Criminal Procedure Code
CSI	Civil Service Institute (Afghan)
CSSP	Correctional System Support Program
CSTC-A	Combined Security Transition Command - Afghanistan
CTAP	Civilian Technical Assistance Plan
DDO	Deputy Disbursing Officer
DEA	Drug Enforcement Administration (U.S.)
DIAG	Disbandment of Illegal Armed Groups
DoD	Department of Defense (U.S.)
DoD CN	DoD Counternarcotics (U.S.)
DoD OIG	DoD Office of Inspector General (U.S.)
DoJ	Department of Justice (U.S.)
DoS	Department of State (U.S.)
DoS OIG	DoS Office of Inspector General (U.S.)
DoS OIG-INS	DoS OIG Inspections (U.S.)
DoS OIG-INV	DoS OIG Investigations (U.S.)
DST	District Support Team
ECC	Election Complaints Commission
EGGI	Economic Growth and Governance Initiative
EITI	Extractive Industries Transparency Initiative
ESF	Economic Support Fund
FAO	Food and Agriculture Organization of the UN
FLGE	Fuel and Liquid Gas Enterprise

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<b>ABBREVIATION OR ACRONYM</b>	<b>DEFINITION</b>
FY	fiscal year
FY 2010 Consolidated Appropriations Act	FY 2010 Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act
GAO	Government Accountability Office (U.S.)
GDP	gross domestic product
GIROA	Government of the Islamic Republic of Afghanistan
GWOT	Global War on Terror
ha	hectares
HIPC	Heavily Indebted Poor Countries
HOO	High Office of Oversight for Anti-Corruption (Afghan)
HRLS	Human Resources and Logistical Support
ICCTF	International Contract Corruption Task Force
IDA	International Development Association
IDEA-NEW	Incentives Driving Economic Alternatives for North, East, and West
IDP	internally displaced person
IEC	Independent Election Commission (Afghan)
IED	improvised explosive device
IJC	International Security Assistance Force Joint Command
IMF	International Monetary Fund
INCLE	International Narcotics Control and Law Enforcement (U.S.)
INL	Bureau of International Narcotics and Law Enforcement Affairs
IRD	International Relief and Development
ISAF	International Security Assistance Force
JSSP	Justice Sector Support Program
LDI	Local Defense Initiative
LOGCAP	Logistics Civil Augmentation Program
LPG	liquefied petroleum gas
MACCA	Mine Action Coordination Center of Afghanistan
MAIL	Ministry of Agriculture, Irrigation, and Livestock (Afghan)

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ABBREVIATION OR ACRONYM	DEFINITION
MCN	Ministry of Counter-Narcotics (Afghan)
MoCI	Ministry of Commerce and Industries (Afghan)
MoF	Ministry of Finance (Afghan)
Mol	Ministry of Interior (Afghan)
MoPH	Ministry of Public Health (Afghan)
MT	metric ton
NAC	North Atlantic Council
NATO	North Atlantic Treaty Organization
NCO	non-commissioned officer
NGO	non-governmental organization
NRVA	National Risk and Vulnerability Assessment
NTM-A	NATO Training Mission - Afghanistan
NTM-A/CSTC-A	NATO Training Mission - Afghanistan/Combined Security Transition Command - Afghanistan
OCO	Overseas Contingency Operations
OEF	Operation Enduring Freedom
OIF	Operation Iraqi Freedom
OMB	Office of Management and Budget (U.S.)
OPIC	U.S. Overseas Private Investment Corporation
PRGF	Poverty Reduction and Growth Facility
RC	Recruitment Cost
RC	Regional Command
SIGAR	Special Inspector General for Afghanistan Reconstruction (U.S.)
SOA	Daily Statements of Account
SPOT	Synchronized Predeployment and Operational Tracker
Treasury	Department of the Treasury (U.S.)
UN	United Nations
UNAMA	UN Assistance Mission in Afghanistan
UNESCO	UN Educational, Scientific, and Cultural Organization
UNHCR	UN High Commissioner for Refugees

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<b>ABBREVIATION OR ACRONYM</b>	<b>DEFINITION</b>
UNICEF	UN Children's Fund
UNODC	UN Office on Drugs and Crime
USAAA	U.S. Army Audit Agency
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USAID OIG	USAID Office of Inspector General

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*Afghan women gather to celebrate the Persian New Year on March 21, 2010, at the historic Blue Mosque in Mazar-e Sharif. The turquoise tiles are inscribed with verses from the Koran. Legend says Ali ibn Abi Talib, cousin and son-in-law of Mohammed, is buried here. (AP photo)*

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