

3 RECONSTRUCTION UPDATE



RECONSTRUCTION UPDATE CONTENTS

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Photo on previous page

Children look on as a soldier of the U.S. 101st Airborne Division patrols with Afghan police in Khowst Province, July 2013. (DOD photo)

OVERVIEW

Section 3 presents updates on accomplishments, challenges, and initiatives in Afghanistan reconstruction to provide context for oversight. Sidebars identify SIGAR audits, completed and ongoing, relating to those efforts. Cross-references to Section 1 point to more detail.

SIGAR presents the data in this section in compliance with Public Law 110-181, which mandates that each of SIGAR's quarterly reports to Congress on reconstruction activities in Afghanistan include, among other things:

- obligations and expenditures of appropriated funds
- discussions of U.S. government entities' contracts, grants, agreements, or other mechanisms
- funds provided by foreign nations or international organizations to programs and projects funded by U.S. government entities

TOPICS

This section has four subsections: Status of Funds, Security, Governance, and Economic and Social Development.

The **Status of Funds** subsection describes monies appropriated, obligated, and disbursed for Afghanistan reconstruction, including U.S. funds and international contributions.

The organization of the other three subsections mirrors the three pillars in the Prioritization and Implementation Plan developed in an international conference in July 2010 and announced by the Afghan government.

The **Security** subsection describes U.S. efforts to bolster the Afghan National Security Forces (the Army and Police), the transition away from private security contracting, and the battle against the narcotics trade.

The **Governance** subsection provides an overview of the Afghan government's progress toward good governance through capacity-building efforts, rule of law initiatives, and human rights recognition. This subsection also describes the status of reconciliation and reintegration, Afghan government control in various provinces, and initiatives to combat corruption.

The **Economic and Social Development** subsection looks at reconstruction activities by sectors like energy, mining, and health. It provides a snapshot

of the state of the economy and updates on progress in regulating financial networks, achieving fiscal sustainability, and delivering essential services.

METHODOLOGY

Section 3 was compiled from open-source and U.S. agency data. Attributions appear in endnotes or notes to tables and figures. Multiple organizations provide data, so numbers may conflict. SIGAR has not verified data other than that in its own audits or investigations. Information from other sources does not necessarily reflect SIGAR's opinion. For details on SIGAR audits and investigations 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. U.S. agencies responding to the latest data call include the Departments of State, Defense, Transportation, and Treasury, and the U.S. Agency for International Development. Responding agencies received a preliminary draft of this section so they could verify and comment on specific data they provided for this quarterly report.

Open-Source Research

Open-source research draws on the most current, publicly available data from reputable sources. Sources used include the U.S. agencies represented in the data call, the International Security Assistance Force, the United Nations (and relevant branches), the International Monetary Fund, the World Bank, and Afghan ministries and other government organizations.

GRAPHICS KEY

UNDERSTANDING THE GRAPHICS AND DATA TERMS

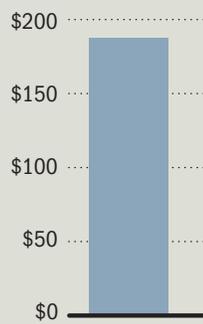
All figures and tables report data for this quarter, except where identified in titles or notes.

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.



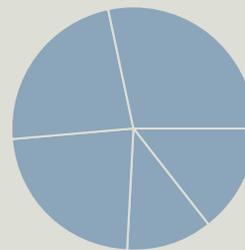
Bar chart with a break in scale



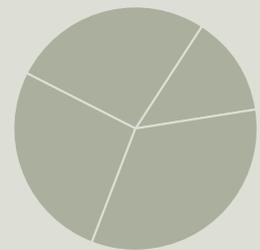
Bar chart without a break in scale

UNITS IN 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.



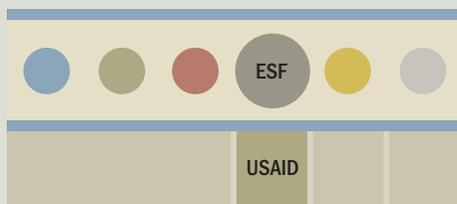
Pie chart in billions



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.



CALENDAR AND SOLAR YEARS

Afghanistan follows the solar Hejri calendar, which began in 622 A.D. in the Gregorian calendar. SIGAR converts Hejri solar years to Gregorian equivalents. The current Afghan solar year (SY) is 1392. It began on March 21, 2013, and ends on March 20, 2014. The Afghan government's fiscal year runs from December 21, 2012, to December 20, 2013.

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STATUS OF FUNDS

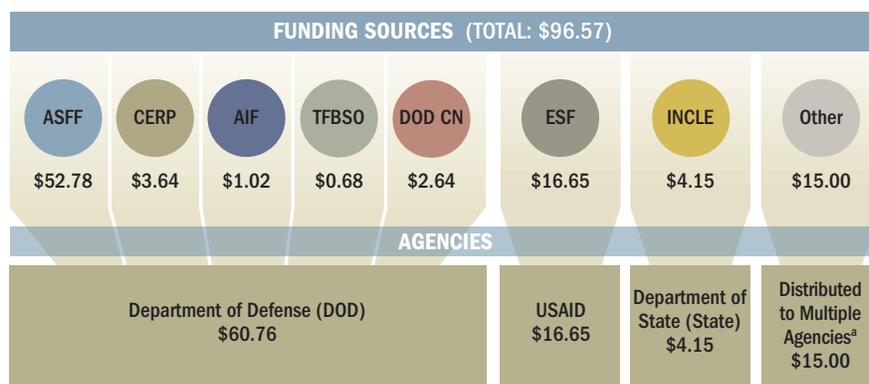
To fulfill SIGAR’s legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of June 30, 2013, the United States had appropriated approximately \$96.57 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

- \$54.30 billion for security
- \$24.70 billion for governance and development
- \$6.92 billion for counternarcotics efforts
- \$2.67 billion for humanitarian aid
- \$7.99 billion for operations and oversight

Figure 3.1 shows the major U.S. funds that contribute to these efforts.

FIGURE 3.1

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



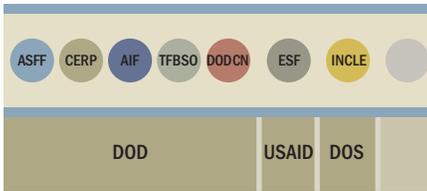
Notes: Numbers have been rounded.

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

Sources: DOD, responses to SIGAR data call, 7/22/2013, 7/3/2013, 7/1/2013, 10/22/2012, 10/14/2009, and 10/1/2009; State, responses to SIGAR data call, 7/16/2013, 7/2/2013, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/1/2013; OMB, response to SIGAR data call, 7/19/2013 and 1/4/2013; USAID, responses to SIGAR data call, 7/17/2013, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011; P.L. 111-212, 10/29/2010; P.L. 111-118, 12/19/2009; FY 2010 Defense Explanatory Statement.

- ASFF:** Afghanistan Security Forces Fund
- CERP:** Commander’s Emergency Response Program
- AIF:** Afghanistan Infrastructure Fund
- TFBSO:** Task Force for Business and Stability Operations
- 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



U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

As of June 30, 2013, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately \$96.57 billion. This total can be divided into five major categories of reconstruction funding: security, governance and development, counternarcotics, humanitarian, and oversight and operations. For complete information regarding U.S. appropriations, see Appendix B.

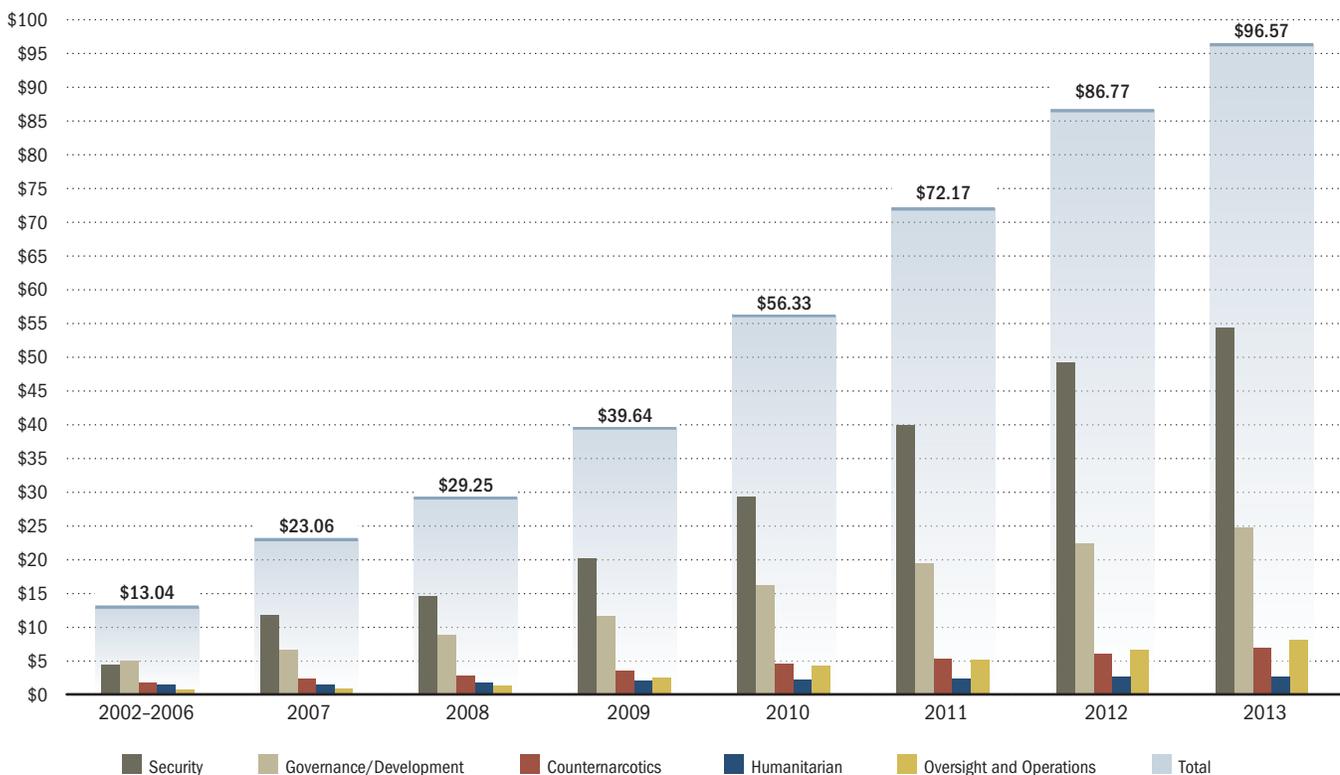
On March 26, 2013, President Obama signed the Consolidated and Further Continuing Appropriations Act, 2013, funding the U.S. government for the rest of the fiscal year and increasing cumulative funding for Afghanistan reconstruction to approximately \$96.57 billion, as shown in Figure 3.2.

As of June 30, 2013, the total appropriated for Afghanistan reconstruction for FY 2013 amounted to nearly \$9.79 billion—a 33% decrease from the

The amount provided to the seven major U.S. funds represents nearly 84.5% (nearly \$81.57 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, over 84.9% (more than \$69.25 billion) has been obligated, and over 73.9% (more than \$60.28 billion) has been disbursed. The following pages provide additional details on these funds.

FIGURE 3.2

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF JUNE 30, 2013 (\$ BILLIONS)



Notes: Numbers have been rounded. FY 2013 figures for State and USAID accounts reflect draft allocation amounts and are subject to final Congressional approval. DOD reprogrammed \$1 billion from FY 2011 ASFF. DOD reprogrammed \$1 billion from FY 2012 ASFF. P.L. 113-6 rescinded \$1 billion from FY 2012 ASFF. DOD transferred \$101 million from FY 2011 AIF to FY 2011 ESF to fund an infrastructure project to be implemented by USAID.

Sources: DOD, responses to SIGAR data call, 7/22/2013, 7/3/2013, 7/1/2013, 10/22/2012, 10/14/2009, and 10/1/2009; State, responses to SIGAR data call, 7/16/2013, 7/2/2013, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/1/2013; OMB, response to SIGAR data call, 7/19/2013 and 1/4/2013; USAID, responses to SIGAR data call, 7/17/2013, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011; P.L. 111-212, 10/29/2010; P.L. 111-118, 12/19/2009; FY 2010 Defense Explanatory Statement.

STATUS OF FUNDS

\$14.60 billion appropriated for FY 2012, as shown in Figure 3.3. Despite the funding decrease from FY 2012 to FY 2013, the President’s Budget Request for FY 2014—approximately \$12 billion with oversight and operations budget requests included—is significantly higher than FY 2013 appropriations.⁴¹ This increase is primarily attributed to a higher request for the Afghanistan Security Forces Fund to purchase equipment for the Afghan National Army’s Special Mission Wing and Air Force.⁴²

Last quarter SIGAR reported that more than \$5.2 billion appropriated to four of the largest U.S. reconstruction funds for FY 2012 remained available for obligation. More than \$2.7 billion of this amount was obligated during this quarter, leaving approximately \$2.5 billion remaining to be obligated by the end of the fiscal year, as shown in Table 3.1.⁴³

TABLE 3.1

FY 2012 APPROPRIATIONS AND OBLIGATIONS, AS OF JUNE 30, 2013 (\$ MILLIONS)		
	Appropriated	Obligated
ASFF ^a	\$9,200	\$6,951
AIF	\$400	\$322
ESF	\$1,837	\$1,699
INCLE	\$324	\$310
TOTAL	\$11,761	\$9,282
	To Be Obligated	\$2,479

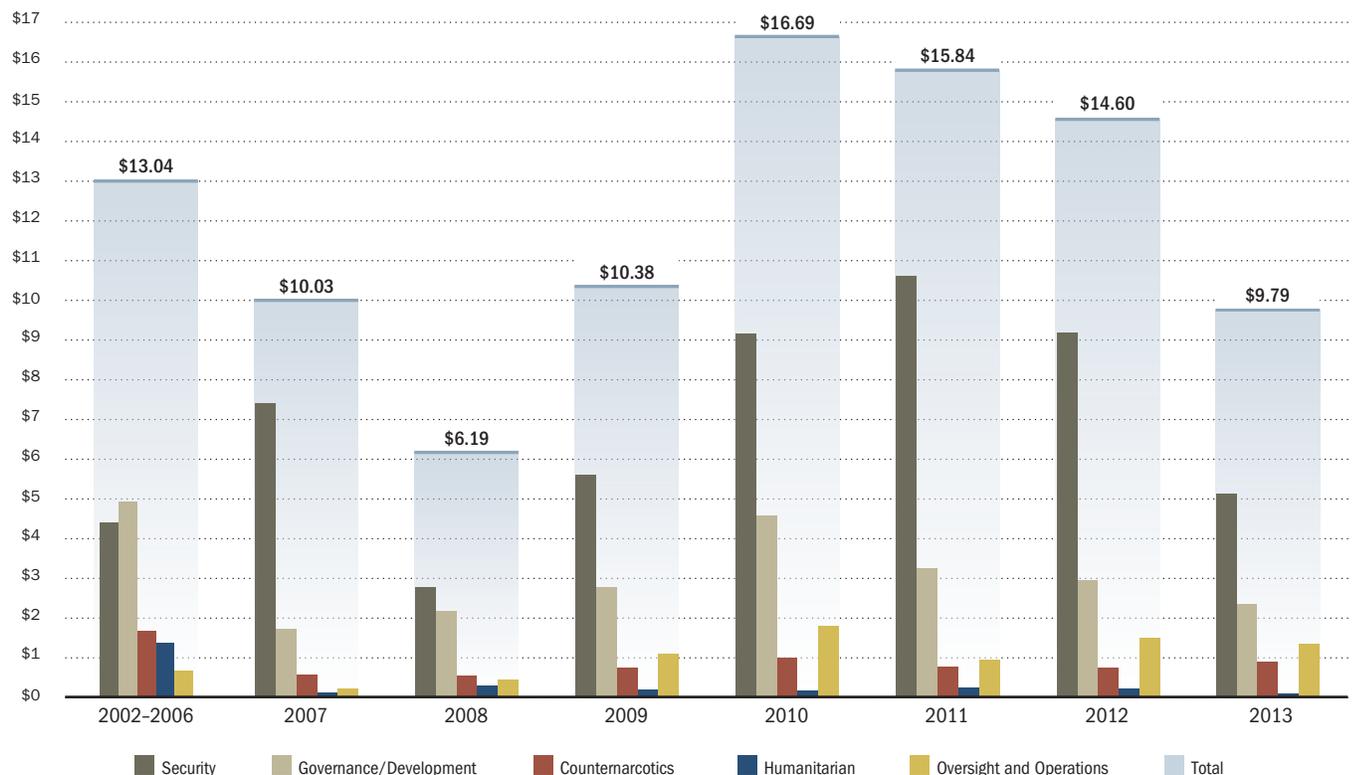
Notes: Numbers have been rounded. DOD reprogrammed \$1 billion out of FY 2012 ASFF, and P.L. 113-6 rescinded \$1 billion from FY 2012 ASFF, reducing the funding level from \$11.2 billion to \$9.2 billion.

^a ASFF data as of May 31, 2013

Sources: DOD, response to SIGAR data call, 7/22/2013; USAID, response to SIGAR data call, 7/17/2013; State, response to SIGAR data call, 7/15/2013; P.L. 112-74, 12/23/2011.

FIGURE 3.3

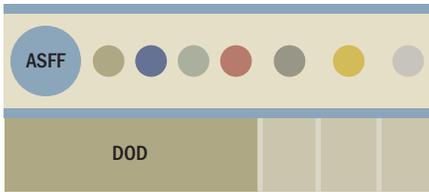
APPROPRIATIONS BY FISCAL YEAR, AMOUNT, AND CATEGORY (\$ BILLIONS)



Notes: Numbers have been rounded. FY 2013 figures for State and USAID accounts reflect draft allocation amounts and are subject to final Congressional approval. DOD reprogrammed \$1 billion from FY 2011 ASFF. DOD reprogrammed \$1 billion from FY 2012 ASFF. P.L. 113-6 rescinded \$1 billion from FY 2012 ASFF. DOD transferred \$101 million from FY 2011 AIF to FY 2011 ESF to fund an infrastructure project to be implemented by USAID.

Sources: DOD, responses to SIGAR data call, 7/22/2013, 7/3/2013, 7/1/2013, 10/22/2012, 10/14/2009, and 10/1/2009; State, responses to SIGAR data call, 7/16/2013, 7/2/2013, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 7/1/2013; OMB, response to SIGAR data call, 7/19/2013 and 1/4/2013; USAID, responses to SIGAR data call, 7/17/2013, 10/15/2010, 1/15/2010, and 10/9/2009; DOJ, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011; P.L. 111-212, 10/29/2010; P.L. 111-118, 12/19/2009; FY 2010 Defense Explanatory Statement.

STATUS OF FUNDS



ASFF FUNDS TERMINOLOGY

DOD reported ASFF 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.

AFGHANISTAN SECURITY FORCES FUND

The Congress created the Afghanistan Security Forces Fund (ASFF) to provide the ANSF with equipment, supplies, services, and training, as well as facility and infrastructure repair, renovation, and construction.⁴⁴ The primary organization responsible for building the ANSF is the North Atlantic Treaty Organization (NATO) Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan.⁴⁵

The Consolidated and Further Continuing Appropriations Act, 2013, appropriated more than \$5.12 billion for the ASFF for FY 2013, increasing total cumulative funding to nearly \$52.78 billion.⁴⁶ As of June 30, 2013, more than \$45.27 billion of total ASFF funding had been obligated, of which more than \$41.45 billion had been disbursed.⁴⁷ Figure 3.4 displays the amounts made available for the ASFF by fiscal year.

DOD reported that cumulative obligations as of June 30, 2013, increased by more than \$1.14 billion over cumulative obligations as of March 31, 2013. Cumulative disbursements as of June 30, 2013, increased by more than \$1.46 billion over cumulative disbursements as of March 31, 2013.⁴⁸ Figure 3.5 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

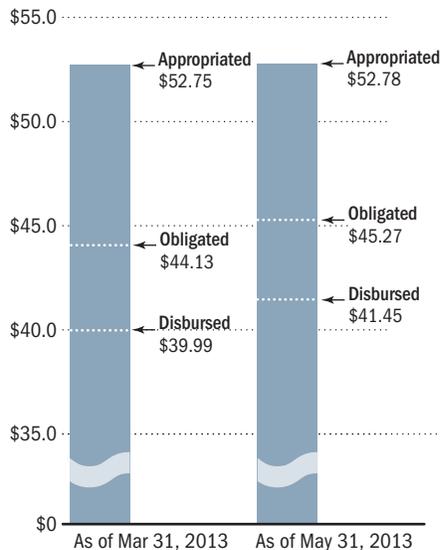
FIGURE 3.4

ASFF APPROPRIATED FUNDS BY FISCAL YEAR (\$ BILLIONS)



FIGURE 3.5

ASFF FUNDS, CUMULATIVE COMPARISON (\$ BILLIONS)



Notes: Numbers have been rounded.

^a DOD reprogrammed \$1 billion of FY 2011 ASFF.

^b DOD reprogrammed \$1 billion of FY 2012 ASFF; another \$1 billion was rescinded in P.L. 113-6.

Sources: DoD, response to SIGAR data call, 7/22/2013 and 4/16/2013; P.L. 113-6, 3/26/2013.

ASFF BUDGET ACTIVITIES

DOD allocates funds to three budget activity groups within the ASFF:

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

Funds for each **budget activity group** are further allocated to four **sub-activity groups**: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment.⁴⁹

As of June 30, 2013, DOD had disbursed more than \$41.45 billion for ANSF initiatives. Of this amount, nearly \$27.44 billion was disbursed for the ANA, and more than \$13.69 billion was disbursed for the ANP; the remaining nearly \$0.32 billion was directed to related activities.⁵⁰

As shown in Figure 3.6, the largest portion of the funds disbursed for the ANA—more than \$11.07 billion—supported Equipment and Transportation. Of the funds disbursed for the ANP, the largest portion—nearly \$4.77 billion—supported Sustainment, as shown in Figure 3.7.⁵¹

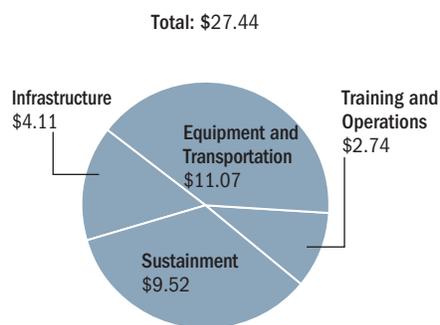
Budget Activity Groups: categories within each appropriation or fund account that identify the purposes, projects, or types of activities financed by the appropriation or fund

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," p. 5, accessed 10/2/2009.

FIGURE 3.6

**ASFF DISBURSEMENTS FOR THE ANA
By Sub-Activity Group
FY 2005–May 31, 2013 (\$ BILLIONS)**

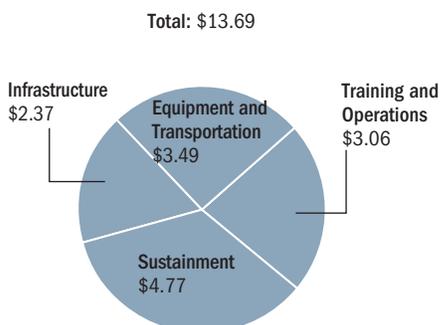


Note: Numbers have been rounded.

Source: DOD, response to SIGAR data call, 7/22/2013.

FIGURE 3.7

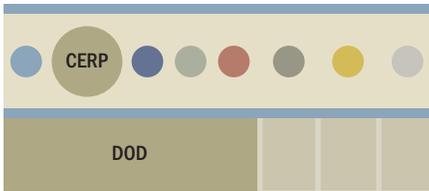
**ASFF DISBURSEMENTS FOR THE ANP
By Sub-Activity Group
FY 2005–May 31, 2013 (\$ BILLIONS)**



Note: Numbers have been rounded.

Source: DOD, response to SIGAR data call, 7/22/2013.

STATUS OF FUNDS



CERP FUNDS TERMINOLOGY

DOD reported CERP funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

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.⁵² Projects with cost estimates exceeding \$1 million are permitted, but they require approval from the Commander of U.S. Central Command; projects over \$5 million require approval from the Deputy Secretary of Defense. CERP-funded projects may not exceed \$20 million.⁵³

The Consolidated and Further Continuing Appropriations Act, 2013, appropriated \$200 million for CERP for FY 2013, increasing total cumulative funding to nearly \$3.64 billion.⁵⁴ Of this amount, DOD reported that more than \$2.27 billion had been obligated, of which more than \$2.21 billion had been disbursed.⁵⁵ Figure 3.8 shows CERP appropriations by fiscal year, and Figure 3.9 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

FIGURE 3.8

CERP APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

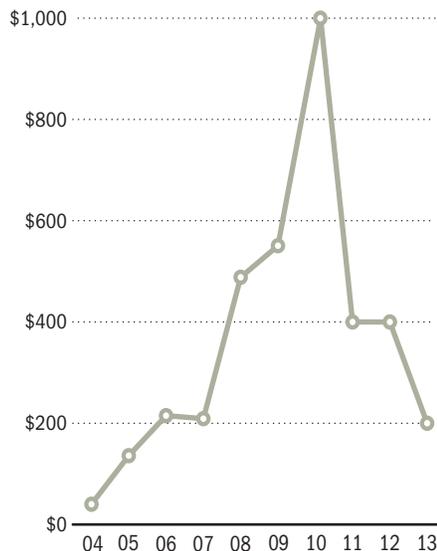
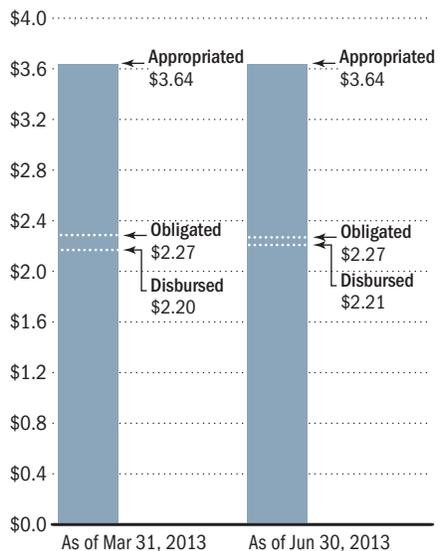


FIGURE 3.9

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



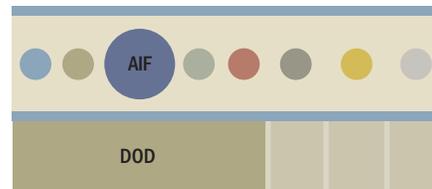
Notes: Numbers have been rounded. Data may include inter-agency transfers.

Sources: DOD, responses to SIGAR data call, 7/22/2013 and 4/17/2013; OMB, response to SIGAR data call, 1/4/2013; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011.

AFGHANISTAN INFRASTRUCTURE FUND

The Ike Skelton National Defense Authorization Act for FY 2011 established the Afghanistan Infrastructure Fund (AIF) to pay for high-priority, large-scale infrastructure projects that support the U.S. civilian-military effort. Congress intended for projects funded by the AIF to be jointly selected and managed by DOD and State. Thirty days before obligating or expending funds on an AIF project, the Secretary of Defense and Secretary of State are required to notify the Congress with details of the proposed project, including a plan for its sustainment and a description of how it supports the counterinsurgency strategy in Afghanistan.⁵⁶

The Consolidated and Further Continuing Appropriations Act, 2013, appropriated \$325 million for the AIF for FY 2013, increasing total cumulative funding to more than \$1.02 billion.⁵⁷ This figure excludes \$101 million of FY 2011 AIF funds transferred to the FY 2011 Economic Support Fund for USAID's AIF-funded infrastructure project. As of June 30, 2013, nearly \$616.07 million of total AIF funding had been obligated, of which more than \$134.18 million had been disbursed.⁵⁸ Figure 3.10 shows AIF appropriations by fiscal year, and Figure 3.11 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for AIF projects.



AIF FUNDS TERMINOLOGY

DOD reported AIF 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, 4/13/2012.

FIGURE 3.10

AIF APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.11

AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)

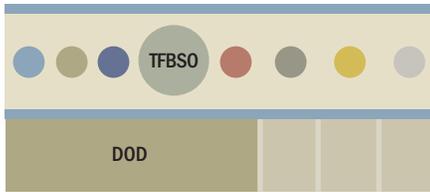


Notes: Numbers have been rounded. Updated data resulted in a lower obligation figure than that reported as of 3/31/2013.

^a FY 2011 figure excludes \$101 million transferred to USAID to execute an AIF project.

Sources: DoD, responses to SIGAR data call, 7/22/2013 and 4/17/2013; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011.

STATUS OF FUNDS



TFBSO FUNDS TERMINOLOGY

DOD reported TFBSO funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS

In 2010, the Task Force for Business and Stability Operations (TFBSO) began operations in Afghanistan aimed at stabilizing the country and countering economically motivated violence by decreasing unemployment and creating economic opportunities for Afghans. TFBSO projects include activities that facilitate private investment, industrial development, banking and financial system development, agricultural diversification, and energy development.⁵⁹

TFBSO has two separate funding streams. The funds authorized for TFBSO in the National Defense Authorization Act are used to pay for activities directly related to reconstructing Afghanistan. The funds TFBSO receives from the Operations and Maintenance, Army, account are used to pay for sustainment of U.S. assets, civilian employees, travel, security, and other operational costs.

As of June 30, 2013, TFBSO had been appropriated nearly \$129.84 million for FY 2013, bringing cumulative appropriations for the task force to more than \$684.59 million.⁶⁰ Of this amount, nearly \$590.76 million had been obligated and more than \$421.62 million had been disbursed.⁶¹ Figure 3.12 displays the amounts appropriated for TFBSO projects by fiscal year, and Figure 3.13 provides a cumulative comparison of amounts made available, obligated, and disbursed for TFBSO projects.

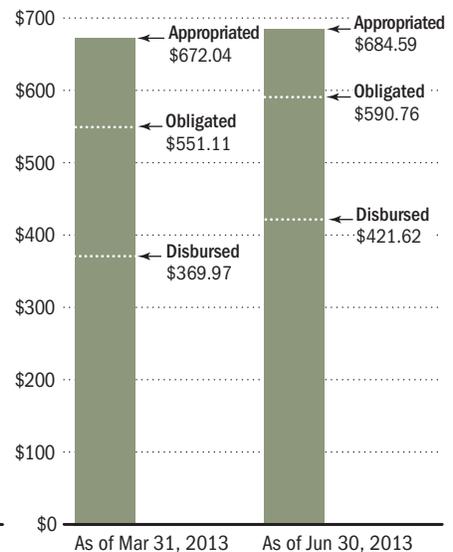
FIGURE 3.12

TFBSO APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.13

TFBSO FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Notes: Numbers have been rounded. NDA = National Defense Authorization Act. NDA funding is used to pay for activities directly related to reconstructing Afghanistan. OMA = Operations and Maintenance, Army. OMA funding is used to pay for sustainment of U.S. assets, civilian employees, travel, security, and other operational costs.

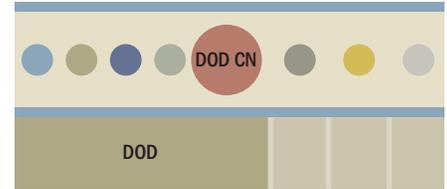
Sources: DOD, responses to SIGAR data call, 7/3/2013 and 10/4/2011; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011.

DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

DOD's Drug Interdiction and Counter-Drug Activities Fund (DOD CN) supports efforts to stabilize Afghanistan by combating the drug trade and related activities. DOD uses the DOD CN to provide assistance to the counternarcotics effort by supporting military operations against drug traffickers; expanding Afghan interdiction operations; and building the capacity of Afghan law enforcement bodies—including the Afghan Border Police—with specialized training, equipment, and facilities.⁶²

DOD CN funds are appropriated by Congress to a single budget line for all military services. DOD reprograms the funds from the Counternarcotics Central Transfer Account to the military services and defense agencies, which track obligations of the transferred funds. DOD reported DOD CN accounts for Afghanistan as a single figure for each fiscal year.⁶³

As of June 30, 2013, DOD reported that DOD CN received more than \$333.11 million for Afghanistan for FY 2013, bringing cumulative funding for DOD CN to more than \$2.64 billion since fiscal year 2004.⁶⁴ Figure 3.14 shows DOD CN appropriations by fiscal year, and Figure 3.15 provides a cumulative comparison of amounts appropriated and transferred to the military services and defense agencies for DOD CN projects. SIGAR is currently working with the defense agencies to report DOD CN obligations and disbursements for Afghanistan.



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.

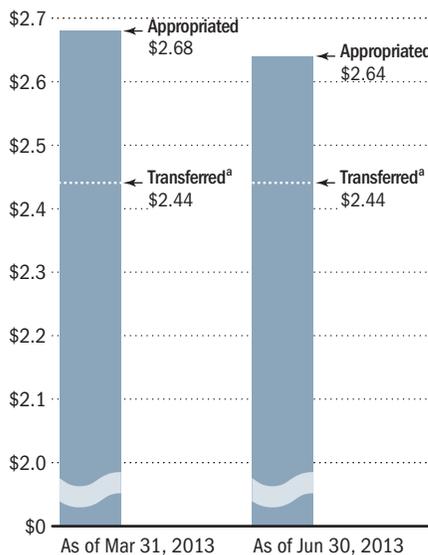
FIGURE 3.14

DOD CN APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.15

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)

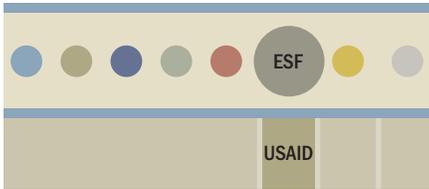


Notes: Numbers have been rounded. Updated data resulted in a lower appropriation figure for FY 2013.

^a DOD reprograms all funds to the military services and defense agencies for obligation and disbursement.

Sources: DOD, responses to SIGAR data call, 7/1/2013 and 4/1/2013.

STATUS OF FUNDS



ESF FUNDS TERMINOLOGY

USAID reported ESF funds as appropriated, obligated, or disbursed

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

Source: USAID, response to SIGAR data call, 4/15/2010.

ECONOMIC SUPPORT FUND

Economic Support Fund (ESF) programs advance U.S. interests by helping countries meet short- and long-term political, economic, and security needs. ESF programs support counterterrorism; bolster national economies; and assist in the development of effective, accessible, independent legal systems for a more transparent and accountable government.⁶⁵

The ESF was appropriated more than \$1.62 billion for FY 2013, bringing cumulative funding for the ESF to more than \$16.65 billion. Of this amount, more than \$14.59 billion had been obligated, of which nearly \$10.93 billion had been disbursed.⁶⁶ Figure 3.16 shows ESF appropriations by fiscal year. Figure 3.17 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of June 30, 2013, increased by more than \$1.69 billion over cumulative obligations as of March 31, 2013. Cumulative disbursements as of June 30, 2013, increased by more than \$313.37 million over cumulative disbursements as of March 31, 2013.⁶⁷ Figure 3.17 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

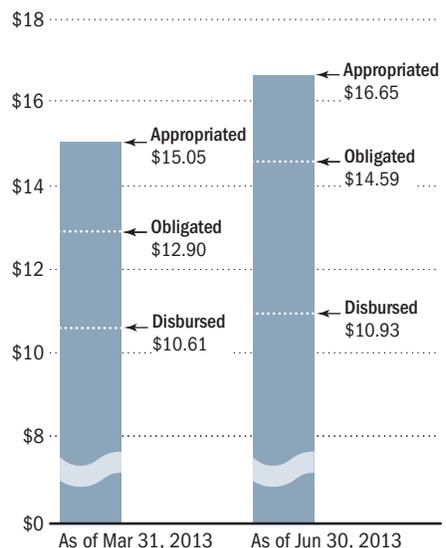
FIGURE 3.16

ESF APPROPRIATIONS BY FISCAL YEAR
(\$ BILLIONS)



FIGURE 3.17

ESF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Notes: Numbers have been rounded. FY 2013 figure reflects draft allocation amount for Afghanistan and is subject to final Congressional approval. FY 2011 figure includes \$101 million that was transferred to the ESF from the Afghanistan Infrastructure Fund.

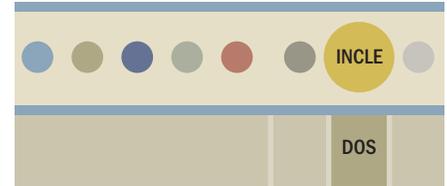
Sources: USAID, response to SIGAR data call, 7/17/2013 and 4/18/2013; State, response to SIGAR data call, 6/27/2013.

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, counternarcotics, and rule of law and justice.⁶⁸

State reported that the Consolidated and Further Continuing Appropriations Act, 2013, appropriated nearly \$568.81 million for INCLE, bringing cumulative funding to nearly \$4.15 billion. Of this amount, nearly \$3.47 billion had been obligated, of which more than \$2.69 billion had been disbursed.⁶⁹ Figure 3.18 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of June 30, 2013, decreased by more than \$15.11 million compared to cumulative obligations as of March 31, 2013. Cumulative disbursements as of June 30, 2013, increased by more than \$115.93 million over cumulative disbursements as of March 31, 2013.⁷⁰ Figure 3.19 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.



INL FUNDS TERMINOLOGY

INL reported INCLE and other INL funds as appropriated, obligated, or disbursed.

Appropriations: Total monies available for commitments

Obligations: Commitments to pay monies

Disbursements: Monies that have been expended

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

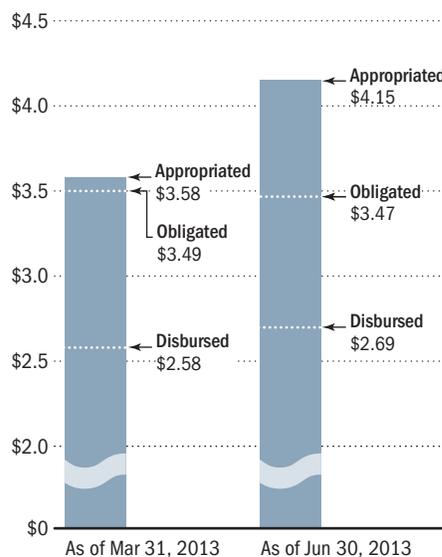
FIGURE 3.18

INCLE APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.19

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Notes: Numbers have been rounded. Data may include inter-agency transfers. Updated data resulted in a lower obligation figure than that reported as of 3/31/2013.

^a Figure reflects draft allocation amount for Afghanistan and is subject to final Congressional approval.

Sources: State, response to SIGAR data call, 7/15/2013, 6/27/2013, and 4/15/2013.

STATUS OF FUNDS

INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

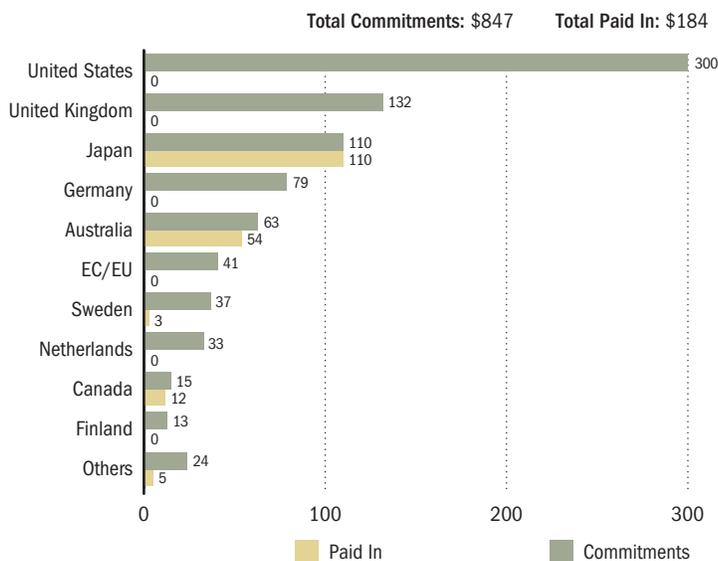
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. As noted in previous SIGAR quarterly reports, most of the international funding provided is administered through trust funds. Contributions provided through trust funds are pooled and then distributed for reconstruction activities. The two main trust funds are the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOTFA).⁷¹

The Afghanistan Reconstruction Trust Fund

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to June 21, 2013, the World Bank reported that 33 donors had pledged more than \$6.96 billion, of which nearly \$6.30 billion had been paid in.⁷² According to the World Bank, donors have pledged approximately \$846.88 million to the ARTF for Afghan fiscal year 1392, which runs from December 21, 2012, to December 20, 2013.⁷³ Figure 3.20 shows the 10 largest donors to the ARTF for FY 1392.

FIGURE 3.20

ARTF CONTRIBUTIONS FOR FY 1392 BY DONOR, AS OF JUNE 21, 2013 (\$ MILLIONS)



Notes: Numbers have been rounded. FY 1392 = 12/21/2012–12/20/2013.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of June 21, 2013," p. 1.

STATUS OF FUNDS

As of June 21, 2013, the United States had pledged more than \$2.04 billion and paid in more than \$1.74 billion since 2002.⁷⁴ The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing nearly 46% of its total funding, as shown in Figure 3.21.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.⁷⁵ As of June 21, 2013, according to the World Bank, nearly \$2.83 billion of ARTF funds had been disbursed to the Afghan government through the RC Window to assist with recurrent costs such as salaries of civil servants.⁷⁶ The RC Window supports the operating costs of the Afghan government because the government’s domestic revenues continue to be insufficient to support its recurring costs. To ensure that the RC Window receives adequate funding, donors to the ARTF may not “preference” (earmark) more than half of their annual contributions for desired projects.⁷⁷

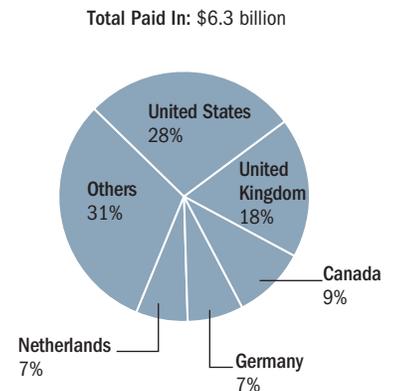
The Investment Window supports the costs of development programs. As of June 21, 2013, according to the World Bank, nearly \$2.90 billion had been committed for projects funded through the Investment Window, of which nearly \$2.04 billion had been disbursed. The World Bank reported 22 active projects with a combined commitment value of nearly \$1.84 billion, of which approximately \$980.40 million had been disbursed.⁷⁸

The Law and Order Trust Fund for Afghanistan

The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior.⁷⁹ Since 2002, donors have pledged more than \$3.35 billion to the LOTFA, of which nearly \$2.92 billion had been paid in, according to the most recent data available.⁸⁰ The LOTFA’s sixth support phase started on January 1, 2011. On March 20, 2013, the UNDP-LOTFA Steering Committee approved an extension of Phase VI to expand the phase from the planned end date of March 31, 2013, to December 31, 2013. In the 27 months since Phase VI began, the UNDP had transferred more than \$1.13 billion from the LOTFA to the Afghan government to cover ANP and Central Prisons Directorate staff remunerations and an additional \$25.61 million for capacity development and other LOTFA initiatives.⁸¹ As of March 31, 2013, donors had committed more than \$1.82 billion to the LOTFA for Phase VI. Of that amount, the United States had committed nearly \$859.37 million, and Japan had committed more than \$614.76 million. Their combined commitments make up nearly 81% of LOTFA Phase VI commitments.⁸² The United States had contributed more than \$1.12 billion to the LOTFA since the fund’s inception.⁸³ Figure 3.22 shows the four largest donors to the LOTFA since 2002, based on the latest data available.

FIGURE 3.21

ARTF CONTRIBUTIONS PAID IN BY DONORS SY 1381 (2002)–JUNE 21, 2013 (PERCENT)

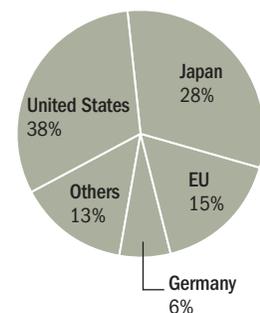


Notes: Numbers have been rounded. "Others" includes 28 donors.

Source: World Bank, "ARTF: Administrator's Report on Financial Status as of June 21, 2013," p. 5.

FIGURE 3.22

DONORS' CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF MARCH 31, 2013 (PERCENT)



Notes: Numbers have been rounded. EC/EU = European Commission/European Union. "Others" includes 18 donors.

Sources: UNDP, "LOTFA Phase VI Quarterly Progress Report Q1/2013," Annex 1, 6/26/2013; SIGAR analysis of UNDP's quarterly and annual LOTFA reports, 7/23/2013.