

3 RECONSTRUCTION UPDATE



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President Obama and President Karzai talk on the White House colonnade after a meeting in the Oval Office. (White House photo)

RECONSTRUCTION UPDATE

OVERVIEW

The following section summarizes the status of U.S. funding and developments SIGAR observed this quarter in the security, governance and economic sectors of the reconstruction effort in Afghanistan. President Obama signed the FY 2014 Consolidated Appropriations Act, which provided an additional \$5.4 billion to rebuild Afghanistan, bringing the total U.S. investment in Afghanistan's reconstruction to more than \$102 billion. This amount will increase when final appropriations for State and USAID accounts are known. This quarter saw increasing uncertainty about the fate of the reconstruction effort and decreased visibility into its many programs and projects. The security situation remained in flux, as President Hamid Karzai declined to sign a bilateral security agreement with the United States, causing U.S. officials to warn that the United States might pull all of its troops out of the country after 2014 and drastically cut back its aid. At the same time, the Afghan economy is beginning to feel the effects of the drawdown and the country is producing more opium poppies than ever before in its history.

The continuing closures of forward operating bases and withdrawal of civil-military Provincial Reconstruction Teams (PRTs) mean there are fewer opportunities for U.S. officials to implement programs and conduct oversight outside of cities. As U.S. forces' footprint shrinks, U.S. agencies and implementing partners are finding it harder to get out into the field to monitor projects and collect data.

Although the United States provides assistance to the Afghan National Security Forces (ANSF) based on its personnel strength, the U.S. military has increasingly limited ability to verify ANSF reporting of its strength. Moreover, data provided by both the ANA and the ANP make it difficult to determine their operational capabilities at any given time. For example, the ANP does not report its personnel who are on leave, AWOL, sick, or on temporary assignment in its personnel reports.

In the governance sector, U.S. agencies were unable to provide data that has been provided in past quarters. SIGAR requested, but did not receive, updates on the number of Afghan civil servants and the state of provincial, municipal, and district governance in five provinces in the south and east.

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Asked to assess governance in these provinces, both the State Department (State) and the Department of Defense (DOD) offered only that the PRTs had closed. Although the presence of civil servants is a necessary foundation for local government, USAID appears to no longer be able to track this and other indicators.

On the economic front, the Afghan government's revenues declined in 2013 as public spending increased, according to the World Bank. Afghanistan continues to suffer massive trade deficits as a net importer of goods; produces relatively few tradable goods or services; has a weak currency; and lacks adequate transportation infrastructure. Although accession to the World Trade Organization is one of the benchmarks Afghanistan is supposed to attain under the Tokyo Mutual Accountability Framework, the extent of achievable near-term benefits to Afghanistan is debatable.

USAID reported that insecurity continues to challenge full implementation of a number of its programs. For example, insurgent groups threaten staff and farmers in the Commercial Horticulture and Agricultural Marketing Program (CHAMP), particularly in Kandahar, Helmand, Zabul, Wardak, Logar, and Ghazni provinces. Shifting security conditions are also obstacles to Incentives Driving Economic Alternatives-North, East, and West (IDEA-NEW), and the Health Policy Project (HPP).

In the health sector, USAID said hospital staff currently has poor capacity to operate autonomously, despite advances at 14 national hospitals. USAID also reported this quarter that one of its main education programs is challenged by the Afghan Ministry of Education's inability to design, procure, and implement on-budget activities in a timely manner, and comply with USAID's government-to-government funding requirements.

This quarter, SIGAR continued to track the cumulative on-budget assistance provided to Afghanistan. The United States provides on-budget assistance to Afghanistan through direct payments to Afghan government entities and through contributions to multinational trust funds. Since 2002 the United States has provided more than \$8.5 billion in on budget assistance. This includes nearly \$5.4 billion to Afghan government ministries and institutions, and nearly \$3.6 billion to three multinational trust funds—the World Bank's Afghan Reconstruction Trust Fund (ARTF), the UNDP's Law and Order Trust Fund for Afghanistan (LOTFA), and the Asian Development Bank's Afghanistan Infrastructure Trust Fund (AITF). Table 3.1, shows U.S. on budget assistance to Afghan government entities.

During this reporting period SIGAR also met with European donors and oversight agencies to discuss mutual challenges related to on-budget assistance as well as the monitoring, evaluation, and oversight of reconstruction projects and the multinational donor trust funds. The highlight section on the next page describes ongoing concerns about LOTFA.

TABLE 3.1

U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, 2002–2013 (\$ MILLIONS)	
Government-To-Government	
DOD	\$4,240
State	\$92
USAID	\$1,060
Multilateral Trust Funds	
LOTFA	\$1,210
ARTF	\$1,960
AITF	\$412

Sources: SIGAR, Audit Report 14-32-AR: *Direct Assistance: USAID Has Taken Positive Action to Assess Afghan Ministries' Ability to Manage Donor Funds, but Weaknesses Remain*, 1/2014; SIGAR, Special Project Report 14-12-SP: *Comprehensive Risk Assessments of MOD and MOI Financial Management Capacity Could Improve Oversight of Over \$4 Billion in Direct Assistance Funding*, 12/2013; World Bank, "ARTF: Administrator's Report on Financial Status as of December 21, 2013 (end of 12th month of FY 1392)," p. 5; UNDP, "LOTFA Phase VI Quarterly Progress Report Q3/2013," 12/31/2013, pp. 80-81; SIGAR analysis of UNDP's quarterly and annual LOTFA reports, 1/22/2014.

CONCERNS ABOUT LOTFA AND “GHOST WORKERS”

For several years, SIGAR has been concerned about the possibility of “ghost workers” on the ANP payroll. In 2011, a SIGAR audit report raised questions about the UNDP’s management of the Law and Order Trust Fund for Afghanistan (LOTFA), which is used to pay ANP salaries. SIGAR auditors found that neither the Afghan Ministry of Interior (MOI) nor the UNDP could verify payroll data. SIGAR concluded that there was “limited assurance that only ANP personnel who worked received pay and the LOTFA funds were used to reimburse only eligible costs.”⁴⁶

Developments since SIGAR published its report have only increased these concerns about ghost workers. In 2012, following allegations of mismanagement of LOTFA funds, the UNDP removed the LOTFA project manager and fired three of his top officials for procurement fraud and mismanagement.

Since 2002, the international community has provided \$3.17 billion for LOTFA. The United States has provided 38%—or about \$1.21 billion—of this total. The European Union has contributed 14%. (See page 81 for details on LOTFA funding.)

This quarter, during conversations with officials from the European Commission and the European Anti-Fraud Office about oversight issues, SIGAR learned that the European Union is withholding €100 million, of its €200 million total contribution for LOTFA until the Commission determines proper controls are in place to ensure that LOTFA funds are spent as intended.

Last November on one of his quarterly visits to Afghanistan, the Special Inspector General for Afghanistan Reconstruction raised the expressed concerns of the European Commission about LOTFA and “ghost workers” with the Combined Security Transition Command-Afghanistan (CSTC-A), which is partly responsible for the U.S. contribution to LOTFA. None of the senior CSTC-A officials who



An Afghan police officer trains in Helmand province, Afghanistan. Students at the center received basic police training in subjects such as literacy, vehicle searching, improvised explosive device defeat, drill, and first aid. (DOD photo)

met with the SIGAR was aware of any investigations or the decision to withhold funds from LOTFA. This raises a number of concerns about CSTC-A’s oversight of LOTFA and about the degree to which international donors are sharing information.

SIGAR has an ongoing audit reviewing ANSF personnel data and its reliability. SIGAR hopes to provide a better understanding of how the ANA and the ANP account for personnel. The reliability of these numbers will be a critical metric in determining continued funding for the Afghan security forces. SIGAR’s audit seeks to identify how the U.S. and Afghan governments assess the personnel strength of the ANSF, determine the extent to which this data accurately accounts for personnel assigned and present-for-duty, and evaluate how the U.S. government uses ANSF personnel data to inform financial sustainment activities, including salary payments to the ANSF.

FUNDING FOR AFGHANISTAN RECONSTRUCTION

On January 17, 2014, President Obama signed the Consolidated Appropriations Act of 2014, pushing cumulative funding for the U.S. reconstruction effort in Afghanistan to more than \$102 billion since 2002. FY 2014 Afghanistan reconstruction appropriations were significantly reduced from the nearly \$12 billion requested in the President's FY 2014 budget proposal. The Joint Explanatory Statement (JES) accompanying the Act noted that the funding reduction reflects the fact that agencies still had significant funds available for obligation and disbursement from prior years' appropriations.

DOD Programs

The Congress has appropriated \$5.34 billion for the five reconstruction accounts managed by DOD. This represents a 37% reduction from the \$8.5 billion that DOD had requested. Most of the funding—about \$4.7 billion—is for the Afghan Security Forces Fund (ASFF), which is used to train, equip, house, and sustain the Afghan National Security Forces (ANSF). DOD had requested about \$7.73 billion for the ASFF. This included a core request for \$5.11 billion and an “enabler” request for \$2.62 billion. The JES noted that DOD had reevaluated its request for “enablers” and found that it exceeded current requirements. DOD reduced this part of its request by 60%. In addition, according to the JES, Congress further reduced the ASFF by \$365 million because DOD said it no longer intends to purchase Mi-17 aircraft for the Afghans.

The JES observed that DOD budget requests have greatly overstated needs for the past four years and that excess appropriations have been repeatedly carried over into the following fiscal years for obligation. “Rather than rescinding the funds from prior year appropriations,” the JES said, “the bill reduces the current year request as a mechanism to obtain balance within the program and is done without prejudice to the current year's need.”

State and USAID programs

The Consolidated Appropriations Act of 2014 provides \$49 billion for State and Foreign Operations. According to the JES, this includes \$1.12 billion in assistance for Afghanistan. The JES said this represents a 50% decrease from both the FY 2013 appropriation and FY 2014 request. According to the JES, the appropriators have taken the “necessary step of reducing new budget authority for Afghanistan to a more sustainable level that can be responsibly programmed and subject to effective oversight.”

The funds for State and USAID reconstruction programs have not yet been determined. According to State, the final levels for Afghanistan reconstruction funds, including the Economic Support Fund (ESF) and the International Narcotics Control and Law Enforcement (INCLE) account have not been finalized.

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Table 3.2 shows cumulative appropriations, obligations, and disbursements. Table 3.3 and Table 3.4 show appropriations, obligations, and disbursements for FY 2012 and FY 2013.

TABLE 3.2

CUMULATIVE AMOUNT APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2014 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Expired
Afghanistan Security Forces (ASFF)	\$57.50	\$47.88	\$45.38	\$1.08
Commander's Emergency Response Program (CERP)	\$3.67	\$2.29	\$2.24	\$1.19
Afghanistan Infrastructure Fund (AIF)	\$1.22	\$0.90	\$0.20	\$0.03
Task Force for Business & Stability Operations (TFBSO)	\$0.78	\$0.69	\$0.52	\$0.03
DOD Drug Interdiction and Counter-drug Activities (DOD CN)	\$2.94	\$2.48	\$2.48	\$0.00
Economic Support Fund (ESF)	\$16.69	\$14.67	\$11.50	\$0.40
International Narcotics Control & Law Enforcement (INCLE)	\$4.18	\$3.54	\$2.85	\$0.09
Total & Major Funds	\$86.99	\$72.45	\$65.17	\$2.83
Other Reconstruction Funds	\$7.09			
Operations & Oversight	\$8.05			
Total	\$102.13			

TABLE 3.3

FY 2012 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Expired
Afghanistan Security Forces (ASFF)	\$9,200	\$8,837	\$7,909	\$363
Commander's Emergency Response Program (CERP)	\$400	\$112	\$99	\$288
Afghanistan Infrastructure Fund (AIF)	\$400	\$376	\$94	\$24
Task Force for Business & Stability Operations (TFBSO)	\$242	\$233	\$195	\$9
DOD Drug Interdiction and Counter-drug Activities (DOD CN)	\$423	\$423	\$423	\$0
Economic Support Fund (ESF)	\$1,837	\$1,779	\$151	\$58
International Narcotics Control & Law Enforcement (INCLE)	\$359	\$358	\$89	\$0
Total & Major Funds	\$12,860	\$12,119	\$8,959	\$741
Other Reconstruction Funds	\$309			
Operations & Oversight	\$1,493			
Total	\$14,662			

TABLE 3.4

FY 2013 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED (\$ MILLIONS)				
	Appropriated	Obligated	Disbursed	Expired
Afghanistan Security Forces (ASFF)	\$5,124	\$1,316	\$972	\$0
Commander's Emergency Response Program (CERP)	\$200	\$43	\$23	\$157
Afghanistan Infrastructure Fund (AIF)	\$325	\$236	\$0	\$0
Task Force for Business & Stability Operations (TFBSO)	\$137	\$135	\$66	\$0
DOD Drug Interdiction and Counter-drug Activities (DOD CN)	\$307	\$168	\$168	\$0
Economic Support Fund (ESF)	\$1,623	\$0	\$0	\$0
International Narcotics Control & Law Enforcement (INCLE)	\$569	\$13	\$8	\$0
Total & Major Funds	\$8,286	\$1,911	\$1,238	\$157
Other Reconstruction Funds	\$172			
Operations & Oversight	\$1,348			
Total	\$9,805			

For sources and notes see Appendix B of this report.

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STATUS OF FUNDS

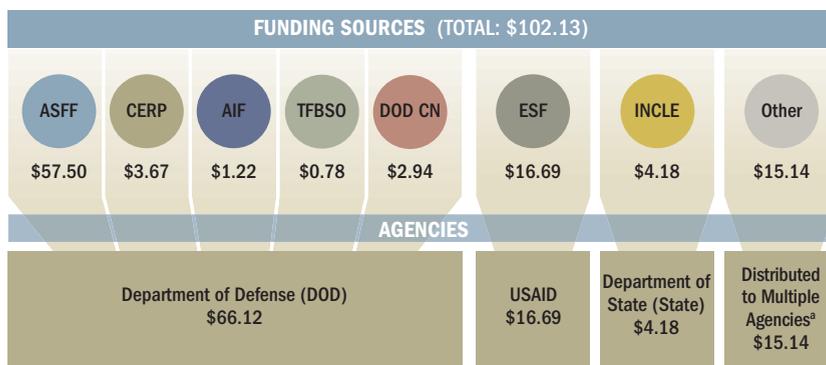
To fulfill SIGAR's legislative mandate, this section details the status of U.S. funds appropriated, obligated, and disbursed for reconstruction activities in Afghanistan. As of January 17, 2014, the United States had appropriated approximately \$102.13 billion for relief and reconstruction in Afghanistan since FY 2002. This total has been allocated as follows:

- \$59.03 billion for security
- \$25.05 billion for governance and development
- \$7.32 billion for counternarcotics efforts
- \$2.68 billion for humanitarian aid
- \$8.05 billion for operations and oversight

Figure 3.0 shows the major U.S. funds that contribute to these efforts.

FIGURE 3.0

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



- 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

Notes: Numbers have been rounded. Includes amounts appropriated in the Consolidated Appropriations Act, 2014.

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

Sources: DOD, responses to SIGAR data call, 1/22/2014, 1/2/2014, 12/30/2013, 10/22/2012, 10/14/2009, and 10/1/2009; State, responses to SIGAR data call, 1/13/2014, 1/9/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 1/2/2014; OMB, responses to SIGAR data call, 7/19/2013 and 1/4/2013; USAID, responses to SIGAR data call, 1/7/2014, 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; CRS, response to SIGAR data call, 1/8/2014; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2013," 1/18/2014; H.R. 3547, "Consolidated Appropriations Act, 2014," 1/17/2014; 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

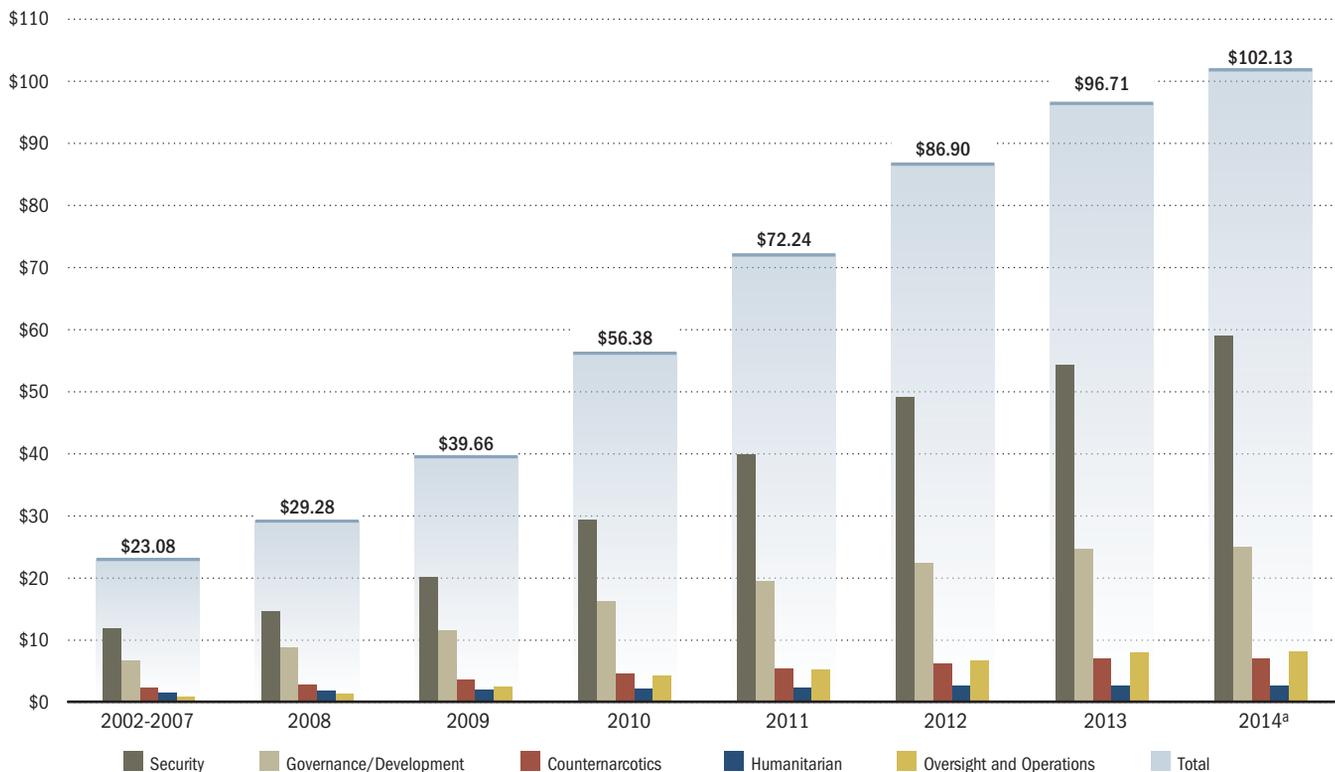


U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN

On January 17, 2014, President Obama signed the Consolidated Appropriations Act, 2014, funding the U.S. government for the rest of the fiscal year and increasing cumulative funding for Afghanistan reconstruction to approximately \$102.13 billion, as shown in Figure 3.1. When this report went to press, final FY 2014 appropriation amounts for State and USAID accounts were still being determined. FY 2014 funding levels will increase when these amounts are known.⁴⁷ Because the FY 2014 appropriations bill was enacted before this report went to press, this section includes amounts appropriated in the bill; however, obligated and disbursed amounts are as of December 31, 2013. For complete information regarding U.S. appropriations, see Appendix B.

The amount provided to the seven major U.S. funds represents nearly 85.2% (nearly \$86.99 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, nearly 83.3% (more than \$72.45 billion) has been obligated, and over 74.9% (nearly \$65.17 billion) has been disbursed. An estimated \$2.8 billion of previously appropriated funds has expired.

FIGURE 3.1
CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF JANUARY 17, 2014 (\$ BILLIONS)



Notes: Numbers have been rounded. 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.

^a Includes amounts appropriated in the Consolidated Appropriations Act, 2014.

Sources: DOD, responses to SIGAR data call, 1/22/2014, 1/2/2014, 12/30/2013, 10/22/2012, 10/14/2009, and 10/1/2009; State, responses to SIGAR data call, 1/13/2014, 1/9/2014, 6/27/2013, 10/5/2012 and 6/27/2012; Treasury, response to SIGAR data call, 1/2/2014; OMB, responses to SIGAR data call, 7/19/2013 and 1/4/2013; USAID, responses to SIGAR data call, 1/7/2014, 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; CRS, response to SIGAR data call, 1/8/2014; DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2013," 1/18/2014; H.R. 3547, "Consolidated Appropriations Act, 2014," 1/17/2014; 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

As of January 17, 2014, appropriations for FY 2014 amounted to more than \$5.42 billion, as shown in Figure 3.2. Of this amount, nearly \$4.73 billion was appropriated to the ASFF.⁴⁸ Final appropriations for the ASFF and many other Afghanistan reconstruction accounts were significantly reduced from the FY 2014 budget proposal, as shown in Table 3.5. The Joint Explanatory Statement for the Consolidated Appropriations Act, 2014, notes that the Act “takes the necessary step of reducing new budget authority for Afghanistan to a more sustainable level that can be responsibly programmed and subject to effective oversight...many assistance programs have significant funding pipelines that could take many years to obligate and expend.”⁴⁹ Table 3.4 on page 67 of this report shows FY 2013 appropriation amounts yet to be obligated.

TABLE 3.5

FY 2014 APPROPRIATIONS COMPARED TO THE BUDGET REQUEST (\$ MILLIONS)			
	Requested	Appropriated	Change
ASFF	\$7,726	\$4,726	-39%
CERP	\$60	\$30	-50%
AIF	\$279	\$199	-29%
TFBSO	\$121	\$64	-47%
DOD CN ^a	\$321	\$321	0%
TOTAL	\$8,508	\$5,340	-37%

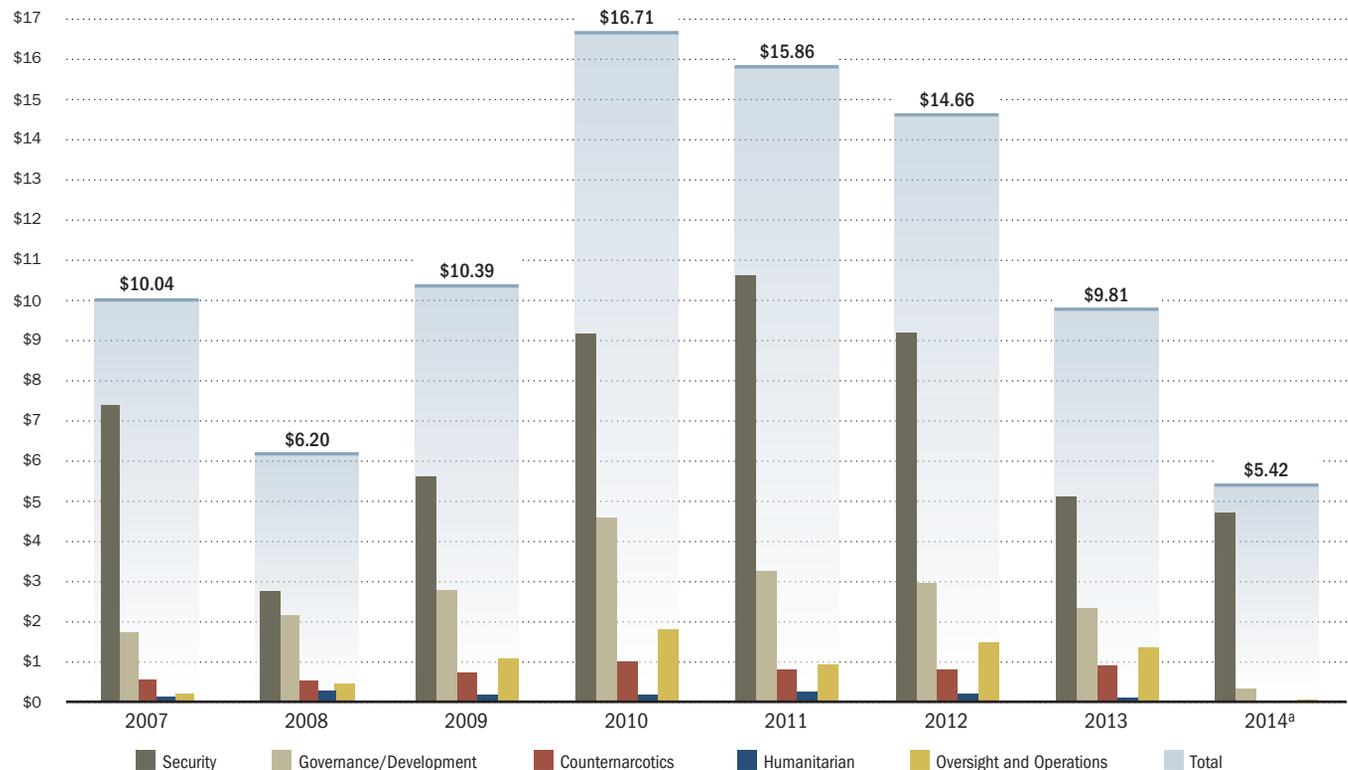
Notes: Numbers have been rounded. Final appropriation figures for have not been determined for State and USAID accounts.

^a DOD CN was appropriated all \$376 million requested for Overseas Contingency Operations; of this amount, \$318 million was for Afghanistan. DOD CN Base funding provided another \$3 million for Afghanistan.

Sources: DOD, response to SIGAR data call, 1/22/2013; H.R. 3547, 1/17/2014; OSD Comptroller, “Department of Defense Budget Amendment to the Fiscal Year 2014 President’s Budget Request for Overseas Contingency Operations (OCO): Operation and Maintenance Programs (O-1) Revolving and Management Funds (RF-1),” 5/2013, pp. 1-3.

FIGURE 3.2

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

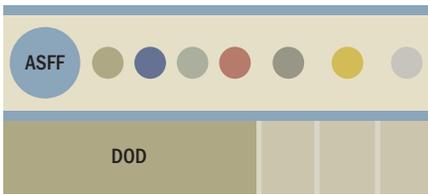


Notes: Numbers have been rounded. DOD reprogrammed \$1 billion from FY 2011 ASFF. DOD reprogrammed \$1 billion from FY 2012 ASFF. P.L. 113-6 rescinded \$1 billion from FY 2012 ASFF. DOD transferred \$101 million from FY 2011 AIF to FY 2011 ESF to fund an infrastructure project to be implemented by USAID.

^a Includes amounts appropriated in the Consolidated Appropriations Act, 2014.

Sources: DOD, responses to SIGAR data call, 1/22/2014, 1/2/2014, 12/30/2013, 10/22/2012, 10/14/2009, and 10/1/2009; State, responses to SIGAR data call, 1/13/2014, 1/9/2014, 6/27/2013, 10/5/2012, and 6/27/2012; Treasury, response to SIGAR data call, 1/2/2014; OMB, responses to SIGAR data call, 7/19/2013, and 1/4/2013; USAID, responses to SIGAR data call, 1/7/2014, 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; CRS, response to SIGAR data call, 1/8/2014; DFAS, “AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2013,” 1/18/2014; H.R. 3547, “Consolidated Appropriations Act, 2014,” 1/17/2014; 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.⁵⁰ The primary organization responsible for building the ANSF is the North Atlantic Treaty Organization Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan.⁵¹

The Consolidated Appropriations Act, 2014, appropriated nearly \$4.73 billion for the ASFF for FY 2014, increasing total cumulative funding to more than \$57.50 billion.⁵² As of December 31, 2013, more than \$47.88 billion of total ASFF funding had been obligated, of which nearly \$45.38 billion had been disbursed.⁵³ Figure 3.3 displays the amounts made available for the ASFF by fiscal year.

DOD reported that cumulative obligations as of December 31, 2013, increased by more than \$894.63 million over cumulative obligations as of August 31, 2013. Cumulative disbursements as of December 31, 2013, increased by nearly \$1.84 billion over cumulative disbursements as of August 31, 2013.⁵⁴ Figure 3.4 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

FIGURE 3.3

ASFF APPROPRIATED FUNDS BY FISCAL YEAR
(\$ BILLIONS)

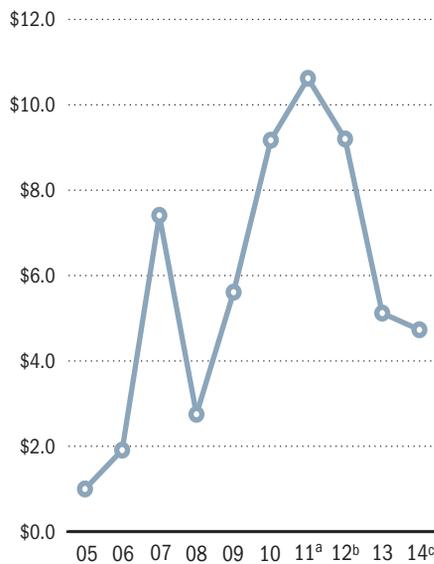
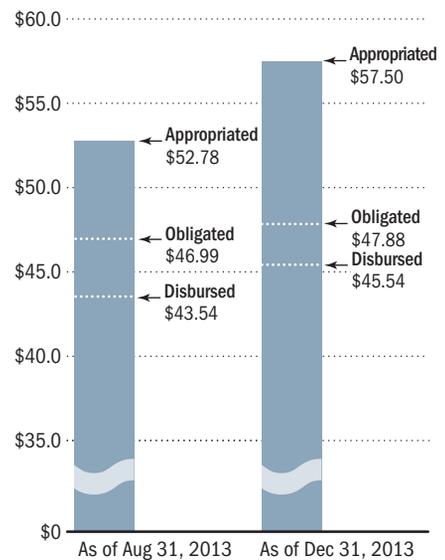


FIGURE 3.4

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.

^c FY 2014 figure includes amount appropriated ASFF in the Consolidated Appropriations Act, 2014.

Sources: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2013," 1/18/2014; DOD, response to SIGAR data call, 10/09/2013; H.R. 3547, "Consolidated Appropriations Act, 2014," 1/17/2014; P.L. 113-6, 3/26/2013.

STATUS OF FUNDS

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.⁵⁵

As of December 31, 2013, DOD had disbursed nearly \$45.38 billion for ANSF initiatives. Of this amount, more than \$30.11 billion was disbursed for the ANA, and nearly \$14.92 billion was disbursed for the ANP; the remaining nearly \$347.98 million was directed to related activities.⁵⁶

As shown in Figure 3.5, the largest portion of the funds disbursed for the ANA—more than \$11.30 billion—supported Equipment and Transportation. Of the funds disbursed for the ANP, the largest portion—more than \$5.35 billion—supported Sustainment, as shown in Figure 3.6.⁵⁷

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 3.5

ASFF DISBURSEMENTS FOR THE ANA BY SUB-ACTIVITY GROUP, FY 2005–DEC 31, 2013 (\$ BILLIONS)

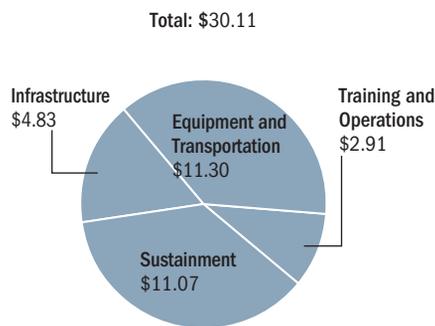
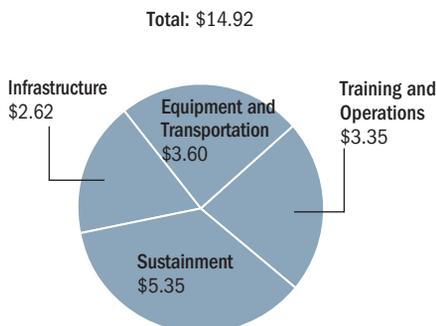


FIGURE 3.6

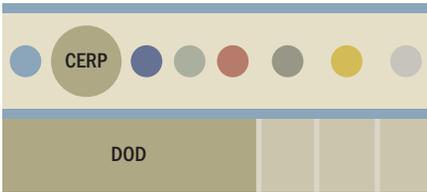
ASFF DISBURSEMENTS FOR THE ANP BY SUB-ACTIVITY GROUP, FY 2005–DEC 31, 2013 (\$ BILLIONS)



Note: Numbers have been rounded.

Sources: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2013," 1/18/2014; DOD, response to SIGAR data call, 10/09/2013.

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.⁵⁸ 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.⁵⁹

The Consolidated Appropriations Act, 2014, appropriated \$30 million for CERP, increasing total cumulative funding to nearly \$3.67 billion.⁶⁰ Of this amount, DOD reported that nearly \$2.29 billion had been obligated, of which more than \$2.24 billion had been disbursed as of December 31, 2013.⁶¹ Figure 3.7 shows CERP appropriations by fiscal year, and Figure 3.8 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

FIGURE 3.7

CERP APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.8

CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



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

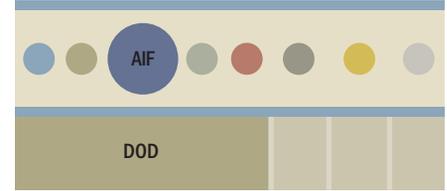
^a FY 2014 figure includes amount appropriated CERP in the Consolidated Appropriations Act, 2014.

Sources: DOD, responses to SIGAR data call, 1/22/2014 and 10/23/2013; OMB, response to SIGAR data call, 1/4/2013; H.R. 3547, "Consolidated Appropriations Act, 2014," 1/17/2014; 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 counter-insurgency strategy in Afghanistan.⁶²

The Consolidated Appropriations Act, 2014, appropriated \$199 million for the AIF, increasing total cumulative funding to more than \$1.22 billion.⁶³ 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 December 31, 2013, nearly \$902.26 million of total AIF funding had been obligated, of which nearly \$195.60 million had been disbursed.⁶⁴ Figure 3.9 shows AIF appropriations by fiscal year, and Figure 3.10 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.

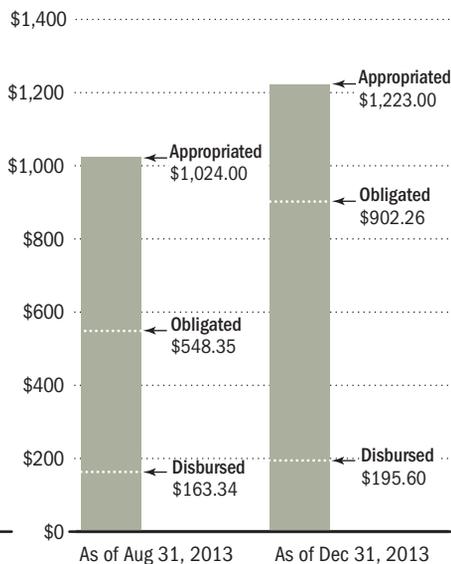
FIGURE 3.9

AIF APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.10

AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



Notes: Numbers have been rounded.

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

^b FY 2014 figure includes amount appropriated AIF in the Consolidated Appropriations Act, 2014.

Sources: DFAS, "AR(M) 1002 Appropriation Status by FY Program and Subaccounts December 2013," 1/18/2014; DoD, response to SIGAR data call, 7/22/2013; H.R. 3547, "Consolidated Appropriations Act, 2014," 1/17/2014; 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 revitalization, and energy development.⁶⁵

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.

The Consolidated Appropriations Act, 2014, appropriated more than \$91.24 million for TFBSO, increasing cumulative appropriations for the task force to more than \$783.39 million.⁶⁶ Of this amount, nearly \$693.56 million had been obligated and nearly \$517.68 million had been disbursed.⁶⁷ Figure 3.11 displays the amounts appropriated for TFBSO projects by fiscal year, and Figure 3.12 provides a cumulative comparison of amounts made available, obligated, and disbursed for TFBSO projects.

FIGURE 3.11

TFBSO APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

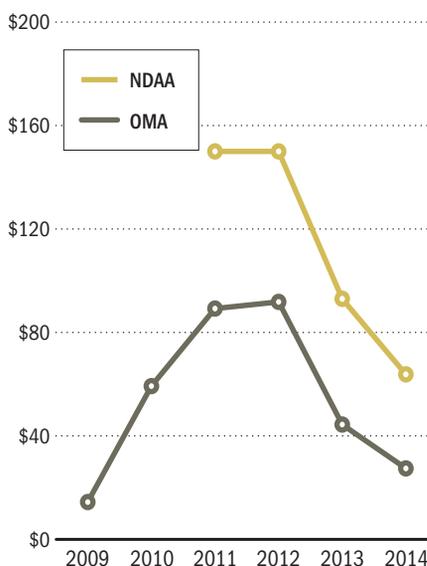
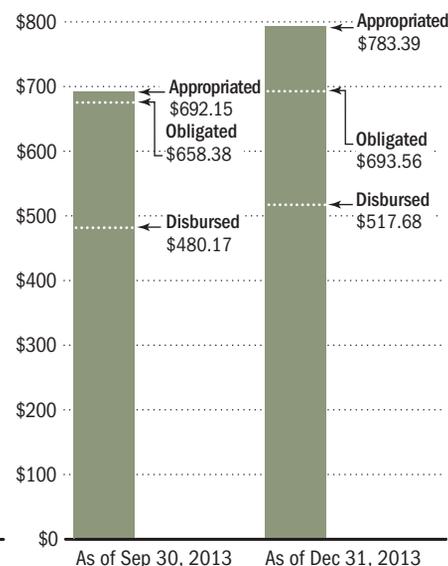


FIGURE 3.12

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.

^a FY 2014 figure includes amount appropriated TFBSO in the Consolidated Appropriations Act, 2014.

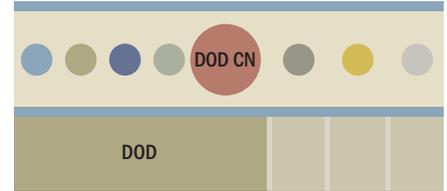
Sources: DOD, responses to SIGAR data call, 1/22/2014, 10/1/2013, and 10/4/2011; H.R. 3547, "Consolidated Appropriations Act, 2014," 1/17/2014; P.L. 113-6, 3/26/2013; P.L. 112-74, 12/23/2011; P.L. 112-10, 4/15/2011.

DOD DRUG INTERDICTION AND COUNTERDRUG 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.⁶⁸

DOD CN funds are appropriated by Congress to a single budget line for all military services. DOD reprograms the funds from the Counter-narcotics Central Transfer Account (CTA) 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.⁶⁹

DOD reported that DOD CN received nearly \$320.79 million for Afghanistan for FY 2014, bringing cumulative funding for DOD CN to more than \$2.94 billion since fiscal year 2004. Of this amount, more than \$2.48 billion had been transferred to the military services and defense agencies for DOD CN projects, as of December 31, 2013.⁷⁰ Figure 3.13 shows DOD CN appropriations by fiscal year, and Figure 3.14 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.



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.

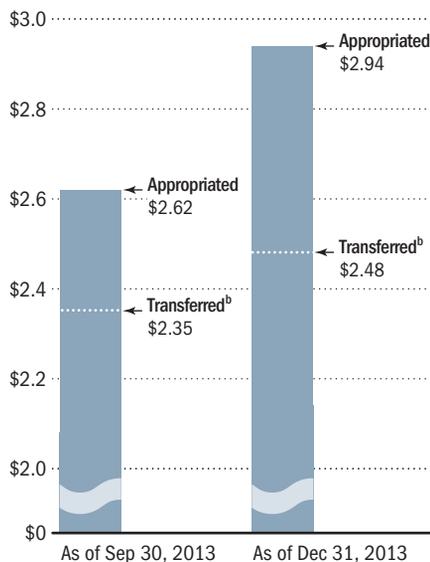
FIGURE 3.13

DOD CN APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



FIGURE 3.14

DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



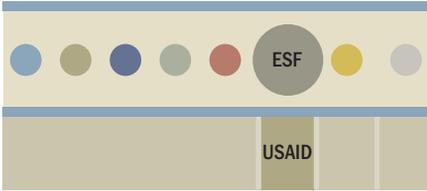
Notes: Numbers have been rounded.

^a FY 2014 figures includes amount appropriated DOD CN in the Consolidated Appropriations Act, 2014.

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

Sources: DOD, responses to SIGAR data call, 1/22/2013, 12/30/2013, and 9/30/2013.

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.⁷¹

When this report went to press, final FY 2014 funding levels for the ESF had not been determined. USAID reported that cumulative funding for the ESF amounted to nearly \$16.69 billion. Of this amount, nearly \$14.67 billion had been obligated, of which more than \$11.50 billion had been disbursed.⁷² Figure 3.15 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of December 31, 2013, increased by \$379,921 over cumulative obligations as of September 30, 2013. Cumulative disbursements as of December 31, 2013, increased by nearly \$329.10 million over cumulative disbursements as of September 30, 2013.⁷³ Figure 3.16 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

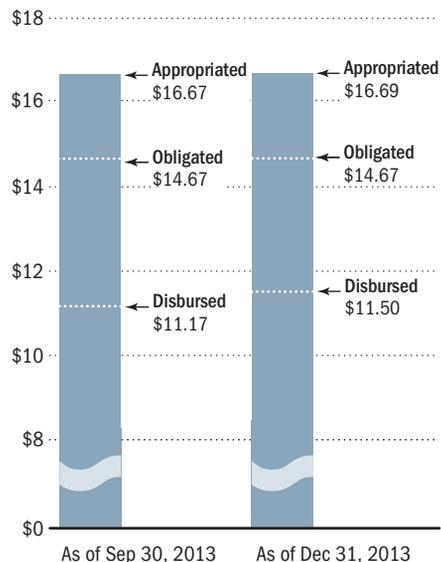
FIGURE 3.15

ESF APPROPRIATIONS BY FISCAL YEAR
(\$ BILLIONS)



FIGURE 3.16

ESF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Notes: Numbers have been rounded. FY 2011 figure includes \$101 million that was transferred to the ESF from the Afghanistan Infrastructure Fund.

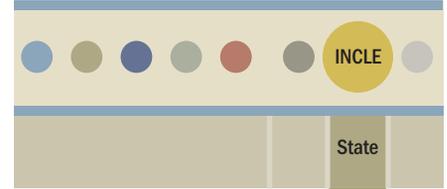
Sources: USAID, response to SIGAR data call, 1/7/2014 and 10/10/2013; State, response to SIGAR data call, 6/27/2013.

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.⁷⁴

When this report went to press, final FY 2014 funding levels for INCLE had not been determined. State reported that cumulative funding for INCLE amounted to more than \$4.18 billion. Of this amount, nearly \$3.54 billion had been obligated, of which nearly \$2.85 billion had been disbursed.⁷⁵ Figure 3.17 shows INCLE appropriations by fiscal year. Figure 3.18 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of December 31, 2013, increased by nearly \$3.62 million compared to cumulative obligations as of September 30, 2013. Cumulative disbursements as of December 31, 2013, increased by more than \$57.52 million over cumulative disbursements as of September 30, 2013.⁷⁶ Figure 3.18 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 3.17

INCLE APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

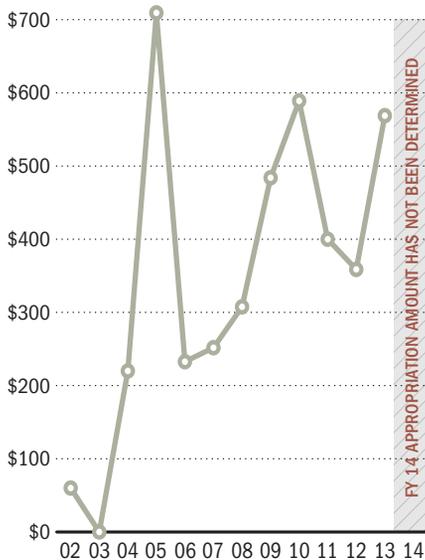
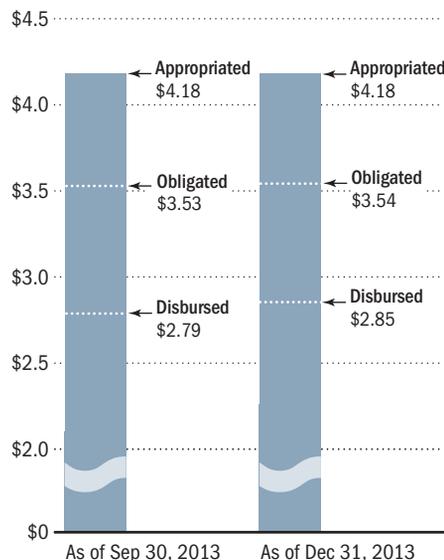


FIGURE 3.18

INCLE FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



Notes: Numbers have been rounded. Data may include inter-agency transfers.
Sources: State, response to SIGAR data call, 1/13/2014 and 10/18/2013.

STATUS OF FUNDS

INTERNATIONAL RECONSTRUCTION FUNDING FOR AFGHANISTAN

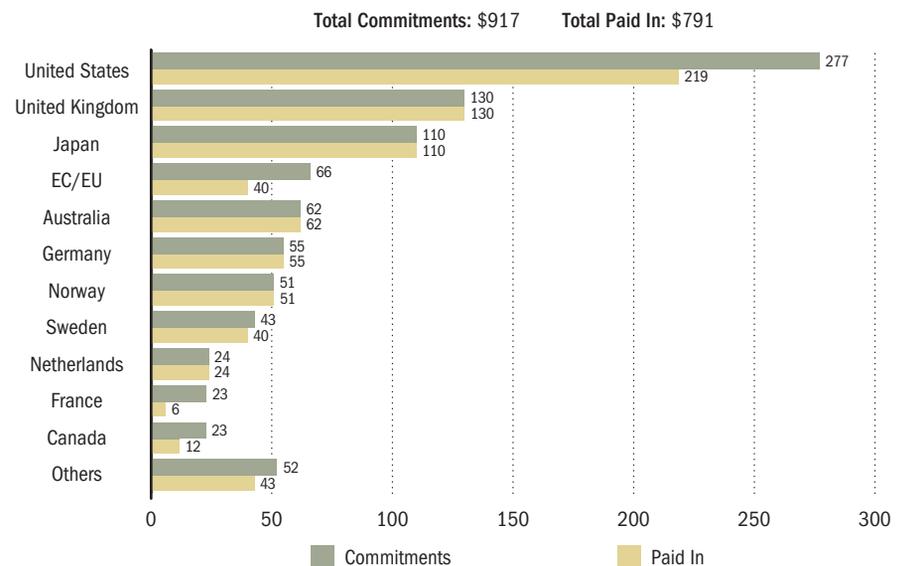
In addition to assistance provided by the United States, the international community provides a significant amount of funding to support Afghanistan relief and reconstruction efforts. As noted in previous SIGAR quarterly reports, most of the international funding provided is administered through trust 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).⁷⁷

Contributions to 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 December 21, 2013, the World Bank reported that 33 donors had pledged more than \$7.03 billion, of which nearly \$6.91 billion had been paid in.⁷⁸ According to the World Bank, donors had pledged approximately \$916.70 million to the ARTF for Afghan fiscal year 1392, which ran from December 21, 2012, to December 20, 2013.⁷⁹ Figure 3.19 shows the 11 largest donors to the ARTF for FY 1392.

FIGURE 3.19

ARTF CONTRIBUTIONS FOR FY 1392 BY DONOR, AS OF DECEMBER 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 December 21, 2013 (end of 12th month of FY 1392)," p. 1.

STATUS OF FUNDS

As of December 21, 2013, the United States had pledged nearly \$2.02 billion and paid in more than \$1.96 billion since 2002.⁸⁰ The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing more than 46% of its total funding, as shown in Figure 3.20.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.⁸¹ As of December 21, 2013, according to the World Bank, nearly \$2.93 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.⁸² 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.⁸³

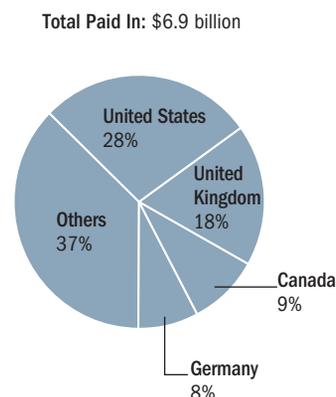
The Investment Window supports the costs of development programs. As of December 21, 2013, according to the World Bank, more than \$3.06 billion had been committed for projects funded through the Investment Window, of which more than \$2.29 billion had been disbursed. The World Bank reported 22 active projects with a combined commitment value of nearly \$1.89 billion, of which more than \$1.11 billion had been disbursed.⁸⁴

Contributions to 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.⁸⁵ Since 2002, donors have pledged nearly \$3.18 billion to the LOTFA, of which more than \$3.17 billion had been paid in, according to the most recent data available.⁸⁶ 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 continue the phase beyond the planned end date of March 31, 2013, to December 31, 2013. In the 33 months since Phase VI began, the UNDP had transferred more than \$1.39 billion from the LOTFA to the Afghan government to cover ANP and Central Prisons Directorate staff remunerations and an additional \$33.44 million for capacity development and other LOTFA initiatives.⁸⁷ As of September 30, 2013, donors had committed nearly \$1.65 billion to the LOTFA for Phase VI. Of that amount, the United States had committed nearly \$659.11 million, and Japan had committed more than \$614.76 million. Their combined commitments make up more than 77% of LOTFA Phase VI commitments. The United States had contributed nearly \$1.21 billion to the LOTFA since the fund's inception.⁸⁸ Figure 3.21 shows the four largest donors to the LOTFA since 2002, based on the latest data available.

FIGURE 3.20

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

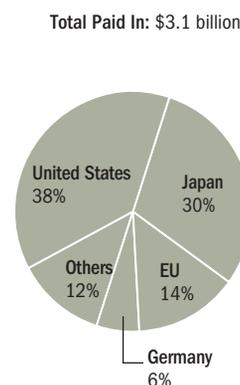


Notes: Numbers have been rounded. “Others” includes 29 donors.

Source: World Bank, “ARTF: Administrator’s Report on Financial Status as of December 21, 2013 (end of 12th month of FY 1392),” p. 5.

FIGURE 3.21

**DONORS' CONTRIBUTIONS TO THE LOTFA
SINCE 2002, AS OF SEPTEMBER 30, 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 Q3/2013,” 12/31/2013, pp. 80-81; SIGAR analysis of UNDP's quarterly and annual LOTFA reports, 1/22/2014.