FRAUD, WASTE, OR ABUSE MAY BE REPORTED TO SIGAR’S HOTLINE

By phone: Afghanistan
Call: 0700107300
DSN: 318-237-3912 ext. 7303
All voicemail is in Dari, Pashto, and English.

By phone: United States
Toll-free: 866-329-8893
DSN: 312-664-0378
All voicemail is in English and answered during business hours.

By fax: 703-601-4065
By e-mail: sigar.hotline@mail.mil

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 to 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.


(For a list of the congressionally mandated contents of this report, see Section 3.)
Provinces where SIGAR has conducted audit, inspection, and investigation work.
I am pleased to submit to Congress, and the Secretaries of State and Defense, SIGAR’s 29th quarterly report on the status of the U.S. reconstruction effort in Afghanistan.

This quarter Afghanistan’s national-unity government completed its first year in office. The anniversary was marked by success as well as failure. At the request of the Afghan government, President Barack Obama announced in October that the United States would halt its military withdrawal from Afghanistan and keep the current U.S. force of 9,800 troops in place through most of 2016. On September 5, international donors welcomed the government’s reform program at the Senior Officials Meeting in Kabul and reaffirmed their commitments to Afghanistan under a new framework called the Self-Reliance through Mutual Accountability Framework.

However, a major setback occurred on September 28, when the Taliban seized the city of Kunduz, the first provincial capital the insurgents had captured since 2001. Afghan forces have since retaken the city. Tragically, during the fighting, a U.S. aerial gunship, possibly at the direction of Afghan forces on the ground, fired on a Doctors Without Borders hospital, killing at least 22 people. The commander of the U.S. forces in Afghanistan, General John F. Campbell, has pledged a full investigation into the attack.

The ease with which a relatively small number of Taliban fighters overran Kunduz called into question the leadership and readiness of the Afghan National Defense and Security Forces (ANDSF). The United States has invested the lion’s share of its reconstruction funding, some $65 billion, to build up the Afghan army and police forces. As outlined in Section 3 of this report, SIGAR has repeatedly raised concerns about ANDSF capabilities and will continue to monitor closely their performance. News reports suggest that tensions over the misbehavior of the Afghan Local Police (ALP) contributed to the collapse of Kunduz’s defenses. This quarter a SIGAR performance audit found that despite the Department of Defense’s spending about $470 million to help support the ALP, the ALP lack logistical support, oversight, and a plan for either disbanding the force or incorporating it into the Afghan National Police.

As a part of SIGAR’s ongoing effort to assess the reconstruction effort, President Ashraf Ghani graciously agreed to be interviewed in September for this quarterly report. In a wide-ranging discussion, the president pointed to the development of the ANDSF as the greatest achievement of reconstruction and called for lifting rural incomes to drive out the narcotics trade. An edited transcript appears in Section 1 of this report.

SIGAR investigations achieved significant results once again in this reporting period. Investigations achieved cost savings to the U.S. government of approximately $123.7 million; fines, forfeitures, and restitutions total over $26.7 million. Additionally, there were two arrests, five criminal charges, seven convictions, and nine sentencings. SIGAR initiated 18 new investigations and closed 22, bringing the total number of ongoing investigations to 306. Savings to date from SIGAR investigations total over $944.5 million.

SIGAR issued 17 audits, inspections, alert letters, and other products. One SIGAR performance audit found that the United Nations High Commissioner for Refugees and the Department of State are unable to independently verify the number of Afghan refugees
reported by the Pakistani and Iranian governments, and that the Afghan Ministry of Refugees and Repatriation has limited capacity to fulfill its obligations, despite international assistance. The Audits and Inspections Directorate also issued three alert letters this quarter. Two letters (one classified) expressed concerns about the fate of a command-and-control facility at Camp Brown. A third letter alerted DOD officials and U.S. military commanders of potential critical shortages of cold-weather gear for the ANDSF.

This quarter, SIGAR issued six financial audit reports. To date, SIGAR’s financial audits have identified more than $280.4 million in questioned costs and $289,880 in unremitted interest on advanced federal funds or other amounts payable to the government. As of October 30, 2015, funding agencies had reached a management decision on 50 audits and are seeking recovery of over $16.7 million in questioned amounts.

SIGAR published an inspection report that found that while a power-grid project at the Counter Narcotics Strip Mall in Kabul was completed within budget and met contract performance standards, the power grid was not tested and deemed operable until more than 18 months after its completion. This quarter, SIGAR’s Office of Special Projects published its review of the Task Force for Business and Stability Operations’ Downstream Gas Utilization project. The office also wrote to U.S. military commanders to request information about the necessity for, and potential wastefulness of, several recent procurements made on behalf of the ANDSF.

Additionally, the Office of Special Projects wrote two letters to the U.S. Agency for International Development (USAID) that reviewed operations at the Tarakhil Power Plant and stressed the importance of maintaining accurate geospatial information for USAID-supported health facilities. As part of its ongoing review of USAID-supported health facilities in provinces throughout Afghanistan, SIGAR also wrote to USAID to provide the results of recent site inspections conducted by SIGAR to verify the accuracy of USAID locational data and operating conditions at 23 USAID-funded public-health facilities in Herat.

SIGAR’s suspension and debarment program referred 18 individuals and 12 companies for suspension or debarment from receiving U.S. government contracts. Three of these individuals were referred for suspension based upon criminal charges being filed against them for misconduct related to or affecting reconstruction contracting in Afghanistan. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 680, encompassing 361 individuals and 319 companies to date.

With the United States committed to spend billions in the coming years to help Afghanistan pay for its security forces and strengthen its institutions, my staff and I look forward to working with Congress and other stakeholders to provide fair and transparent oversight of the U.S.-funded reconstruction.

Respectfully,

John F. Sopko
Special Inspector General for Afghanistan Reconstruction
EXECUTIVE SUMMARY

This report summarizes SIGAR’s oversight work and updates developments in the three major sectors of Afghanistan’s reconstruction effort from July 1 to September 30, 2015.* It also includes a transcript of SIGAR’s interview with Afghan President Ashraf Ghani. During this reporting period, SIGAR published 17 audits, inspections, alert letters, and other reports assessing the U.S. efforts to build the Afghan security forces, improve governance, and facilitate economic and social development. These reports identified a number of problems, including a lack of accountability, failures of planning, and construction deficiencies. The cost savings to the U.S. government from SIGAR’s investigative work amounted to approximately $150.4 million. SIGAR investigations also resulted in two arrests, five criminal charges, seven convictions, and nine sentencings. Additionally, SIGAR referred 18 individuals and 12 companies for suspension or debarment based on allegations that they engaged in fraud and nonperformance in contracts.

SIGAR OVERVIEW

AUDITS

SIGAR produced three alert letters, two performance audits, six financial audits, and one inspection.

The alert letters addressed:
• Concerns over the fate of a command-and-control facility at Camp Brown (SIGAR issued one unclassified and one classified letter)
• The potential critical shortage of cold-weather gear for the Afghan National Defense and Security Forces (ANDSF)

The performance audits found:
• The United Nations High Commissioner for Refugees and the Department of State (State) are unable to independently verify the number of Afghan refugees reported by the Pakistani and Iranian governments, and that the Afghan Ministry of Refugees and Repatriation has limited capacity to fulfill its obligations, despite international assistance.
• Despite the Department of Defense’s (DOD) spending about $470 million to help support the Afghan Local Police (ALP), the ALP lack adequate logistics support, oversight, and a plan for either disbanding the force or incorporating it into the Afghan National Police.

The financial audits identified over $1.2 million in questioned costs as a result of internal-control deficiencies and noncompliance issues. These deficiencies and noncompliance issues included among other things, failure to follow competitive procurement procedures, purchase of materials from restricted sources, overcharging due to utilization of improper currency exchange rates, lack of sufficient documentation to support costs incurred, and billing for ineligible tax fines and penalties.

The inspection report of a U.S.-funded facility found:
• While a power grid project was completed within budget and met contract performance standards, the power grid was not tested and deemed operable until over 18 months after its completion.

NEW AUDITS AND INSPECTIONS

This quarter, SIGAR initiated two new performance audits which will assess effectiveness of the Commander’s Emergency Response Program and the award, administration, and performance of Legacy research contracts. SIGAR also initiated five new inspections of the construction for the Afghan National Army’s Ground Forces Command, Garrison Support Unit, and Army Support Command; Afghan 3rd Air Squadron

* SIGAR may also report on products and events occurring after September 30, 2015, up to the publication date.
Special Mission Wing facilities in Kandahar; women’s dormitories at Balkh University; Salang Hospital in Parwan Province; and Baghlan Prison.

SPECIAL PROJECTS
During this reporting period, the Office of Special Projects issued five products, including two reviews, two alert letters, and one inquiry letter addressing issues including:
- further SIGAR analysis on the underutilized Tarakhil Power Plant based on additional data provided by the U.S. Agency for International Development (USAID) and Da Afghanistan Breshna Sherkat
- USAID’s response to SIGAR’s inquiry letter last quarter regarding the accuracy of geospatial data for USAID-supported health facilities
- recent procurements, valued at more than $630 million, made on behalf of the ANDSF
- results of SIGAR’s site inspections of 23 USAID-funded health facilities in Herat Province
- SIGAR’s final review of the Task Force for Business and Stability Operations’ Downstream Gas Utilization project

INVESTIGATIONS
During the reporting period, SIGAR investigations resulted in cost savings to the U.S. government of approximately $123.7 million; fines, forfeitures, and restitutions totaled over $26.7 million. Criminal investigations resulted in two arrests, five criminal charges, seven convictions, and nine sentencings. SIGAR initiated 18 new investigations and closed 22, bringing the total number of ongoing investigations to 306. SIGAR’s suspension and debarment program referred 18 individuals and 12 companies for suspension or debarment.

Investigations highlights include:
- A federal judge handed down stiff sentences as a result of a bribery and fuel-theft conspiracy investigation.
- An investigation, which confirmed allegations that a contractor submitted a fraudulent bid package, resulted in a $116 million savings to the U.S. government.
- A former U.S. Air Force officer was sentenced for making a materially false statement and violating the restriction on post-employment communications and appearances.
- Two U.S. Navy Reserve members received Admiral’s Mast disciplinary action for dereliction of duties related to their involvement in culvert-denial systems contracts.
- Two U.S. military members pled guilty to bribery.
- A contracting officer pled guilty to charges of obstruction of a federal audit.
- An investigation and independent audits resulted in the termination of a program and a $7.4 million savings to the U.S. government.
- A U.S. contractor was convicted following a bribery investigation.
- A former U.S. Army member was sentenced after pleading guilty to bribery of a public official.
- A U.S. Army Reserve member pled guilty to bulk-cash smuggling and theft of government property.
- A U.S. Army member was sentenced for receipt of gratuities.
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“While we face daunting obstacles, we can also glimpse opportunities. The most encouraging sign we have had in some time is that the contentious and controversial 2014 elections in Afghanistan ultimately and nonviolently produced a National Unity Government that appears to be working. The leadership of President Ashraf Ghani and Chief Executive Abdullah Abdullah encourages me.”

—Special Inspector General John F. Sopko

INTERVIEW WITH AFGHANISTAN'S PRESIDENT
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Photo on previous page
SIGAR’s director of research and analysis, Deborah Scroggins, interviews President Ashraf Ghani at the presidential palace in Kabul, September 2015. (SIGAR photo by Steven Mocsary)
In its January 2013 Quarterly Report to the United States Congress, SIGAR proposed seven key questions to guide policymakers evaluating current and future reconstruction projects in Afghanistan. Near the top of the list of questions was: Do the Afghans want the project and need it? In this spirit of seeking Afghan input to the U.S.-funded reconstruction, SIGAR’s director of research and analysis, Deborah Scroggins, interviewed President Ashraf Ghani on September 7, 2015, at the Arg Presidential Palace in Kabul. Their discussion took place a day after the conclusion of the Senior Officials Meeting (SOM) to refresh the Tokyo Mutual Accountability Framework, the agreed-upon guidelines for international assistance to Afghanistan, and several weeks before the Taliban, in a major setback for the government, temporarily seized the provincial capital of Kunduz on September 28. An edited transcript of their conversation follows.

SIGAR: I wonder if you can tell me what new commitments were made on the part of Afghanistan and the international community at the Senior Officials Meeting.

President Ghani: First of all, before we begin, let me pay tribute to the American servicemen and women who have paid the highest sacrifice. Our relationship with the United States is in the nature of a foundational partnership. This has been cemented by the blood, and by the immense investment in resources. And we have a shared journey and a destiny. Also civilians: there have been a lot of U.S. civilians who have again paid the highest price in terms of loss of their life. So, please convey the deepest sympathy, empathy, and the thanks of a nation, a state, and of a president to the families who I’m sure are still grieving, as one always does.

But I hope that time will heal and that what we are committed to, and the SOM embodies, is to honor those sacrifices through the creation of institutions, processes, and systems that would bring the type of transformation that the United States was instrumental in first bringing to Europe, and then to northeast Asia. One needs to remind oneself that U.S. assistance in the
past has a lot of lessons of success that we need to draw upon to see how, in the current challenges, we can work together.

On the part of Afghanistan, our key message [to the SOM] was that we are a government that can draw a balance sheet. Meaning that all that we’ve inherited and our challenges, our problems, our constraints, our obstacles will be confronted honestly, systematically, and methodically. As far as reforms are concerned, we will lead, articulate, design, and implement, because it is we who must own the process. So that our dialogue has really become enormously productive because it’s not a dialogue of the deaf or one of mutual incomprehension.

Compared to the past years, I think what characterized the SOM was the constructive nature of the conversation. There’s no blame game, because we as the Afghan government would not engage in a blame game, and once you own the problem, it becomes very easy for your partners to help you. And that’s the spirit. The related issue was that we presented [as] a team, not an individual. The reform effort is not mine. It is that of a very competent cabinet, of a group of very dedicated men and women across [government]. I catalyze, lead, and orchestrate, but the sustainability cannot come from a person-centered, leader-centered agenda. It must be much broader, much deeper, to take hold. And because of that I’m very direct about issues of legacy. Whether I am in this chair two days or two terms, it’s a bounded period. What we will be measured by is what we leave for others in terms of opportunities and not problems. So our fundamental focus is on that.

Economy has become a major focus for us, and again, fundamentally, because our message is one of self-reliance. Even if we didn’t have the violence or corruption or poverty, our balance of payments, or the imbalance of payments, to be more precise, is a recipe for disaster. When you export the royal sum of $400 million, and there’s a gap of $8 billion to $12 billion in imports, you simply cannot do this. So the shift here is, our first message is productivity. You take Afghanistan’s assets, some of which again have been very generously created the last 14 years through U.S. assistance, and that of our other partners, the utility is very low. If you take our factors of production, whether it’s people, land, or water, or transport, it’s very low. Our mineral resources, one of the richest in the world, are hardly utilized.

So creation of productivity becomes the key good, because without productivity, you cannot measure growth, and you cannot measure whether it’s structural or just episodic. And here our message is that the consumption-funded era of growth is over. We need to create a productive economy that then can serve as the basis of sustainability. How to pay for our security forces, how to pay for our women’s empowerment, how to put our children in school, etc. … And this means we have to go towards a pathway that delivers. So then the question becomes: what’s the unit that moves the economy? And the unit that moves the economy is the firm, the firm and enterprise. It’s not individuals. Individual entrepreneurship is phenomenal
in Afghanistan because as inheritors of the Silk Road, you know, we thrive on networks, but that’s not what measures productivity. We have to focus on formation of enterprises, because competitiveness is measured by your firms. Firms compete in a regional economy, in a national economy, and a global economy.

When I was finance minister, I was instrumental in creating the telecom sector. We had 100 mobile phones, we now have over 22 million. Why? Because the rules of the game were very clear. First [we issued] two licenses, after three years, another two licenses, so that profitability could be ensured. The private sector needs to make money, legitimate money. Consumers need to have reliable services and those services need to become cheaper, not more expensive, and without competition, we can’t do this. And the government has to have revenue. All of these were satisfied in the telecom sector. We have four firms. The smallest is worth an estimated $500 million, the larger ones are over $1 billion. This is what we want to replicate now across a number of core sectors so that we can ensure that there is change, structured, meaning that the sectors change and that you can compete and create new types of jobs because taxes are key to citizenship. No taxation, no representation. But we have representation without taxation, the opposite of [Washington] D.C.’s slogan! Because again, you know, when assistance was generously provided, it weakened the obligation, and now we need to ensure that taxation and representation go together.

SIGAR: And do you have a plan for that?

President Ghani: Of course, yes, a very detailed plan on how to organize our budget. So our third message was, our budget was a bottom-up series of compromises. So no one said “no” to anybody, and that they could spend [the funds within their budget]. There are over 100 countries on earth that cannot spend [all of their budget]. This didn’t have a name, so I named it, I called it the expenditure constraint, and in the United States, also there are departments that are known for their inability to spend money, both at the federal level and at the state level. So the key is not just to be able to acquire the money. One has to be able to spend it, and spend it properly, which means that priorities need to be very clearly articulated because money is always limited, no matter how rich a country.

So then you have to have clear priorities, and clear priorities must be derived from a policy process which can prioritize. Because of this, the presidency in Afghanistan is changing from an individual-centered institution to a series of councils. What in the United States took place from World War II until recently, in terms of creating the institutions of the presidency, what was the National Security [Council], and the National Economic Council and others, we are doing simultaneously. And this would allow us
to focus and then prioritize, and on this basis, they will be delivered. And also the focus can shift on building systems and processes.

I can go on, but to get to the last part: Poverty eradication requires job creation, and the largest lesson of the New Deal [in the United States in the 1930s] was jobs, because without a government role, at this moment in terms of creating a stimulus package that can create employment, our gains in other areas would be subject to jeopardy.

And when you do reforms, [you realize]: those who benefit, benefit in the medium term. But those who lose, lose in the short term. And the losers, in systems that are corrupt, or patronage-ridden, or otherwise manipulated, are organized. The majority wishes change, but their voice is weak. So what we need to make sure is that in this process, three numerical majorities that are minorities economically and politically, really become our focus: women, youth, and the poor. Because those are the ones that will ensure stability, legitimacy, and prosperity. And without focusing on those majorities, their distinctive needs, aspirations, but also the immense problems they confront, one cannot create the bonds of citizenship that are fundamental.

SIGAR: I wonder if you can talk a bit about what you think the successes and failures have been of the U.S.-funded reconstruction effort.

President Ghani: Well, first, there was no paradigm for Afghanistan.

SIGAR: How is that?

President Ghani: The United States had plans for every eventuality. You know, the Pentagon has plans for every possible threat. There was no plan for a threat emanating from Afghanistan. This [the 9/11 attacks] literally was unthinkable. You know when you talk, as I've had to, to safety experts in Europe; I still remember, you know, one of those vivid images: a very, very distinguished member of [the New York City] mayor's advisory board in 2002 telling me repeatedly, we didn't figure that, because again it wasn't conceivable, that narrative. So there, when you have an unprecedented phenomenon, the first part is improvisation, because it cannot be part of a systematic [plan]. Second, without U.S. assistance, where we were and where we are, this platform could not have been created.

So, first, what's the success? Afghanistan didn't have any armed forces. All our military and police installations were totally destroyed. In the Ministry of Defense in 2000—I returned at the end of 2001, after 26 years, and I became national security advisor and national economic advisor very quickly, and then finance minister in June of 2002—no ministry had chairs. At our Ministry of Defense, there was nothing. There was not a single army barrack that had facilities.
Mohammad Ashraf Ghani was born in Logar Province, Afghanistan, in 1949. He completed his primary and secondary education in Kabul, where his father was a senior official under King Mohammed Zahir Shah. In 1973, he earned his bachelor’s degree from the American University in Beirut. After winning a government scholarship to study at Columbia University, he left for New York in 1977. When pro-Soviet Union forces came to power in 1978, most of the male members of his family were imprisoned and he was stranded in the United States.

After earning his Ph.D. in anthropology at Columbia in 1983, he was invited to teach at the University of California, Berkeley, and then at Johns Hopkins University. In 1991, Ghani joined the World Bank as its lead anthropologist, advising on the human dimension to economic programs. He served for 11 years, initially working on projects in East Asia, but moving on to articulating the Bank’s social policy, reviewing country strategies and conditionality, and designing reform programs.

Following the ouster of the Taliban in 2001, Ghani was asked to serve as special advisor to Ambassador Lakhdar Brahimi, the UN Secretary-General’s special envoy to Afghanistan. In that capacity, Ghani returned to Afghanistan and worked on the design, negotiation, and implementation of the Bonn Agreement, which outlined the transition to a new government based on popular consent. President Hamid Karzai appointed him Minister of Finance in 2002.

As Finance Minister, Ghani issued a new currency; computerized treasury operations; institutionalized a single treasury account; adopted a no-deficit financing policy; introduced the budget as the central instrument of policy; centralized revenue; reformed the tariff system and overhauled customs; and instituted regular reporting to the cabinet, the people of Afghanistan, and international stakeholders as a tool of transparency and accountability.

After the election of President Karzai in 2004, Ghani was appointed chancellor of Kabul University. In 2005, he co-founded the Institute for State Effectiveness, an organization which aims to help governments and their international partners build more effective, accountable systems of government. He co-authored the book Fixing Failed States: A Framework for Rebuilding a Fractured World in 2008.

In 2009, Ghani ran for president, placing fourth. In 2010, he served as chairman of the Transition Coordination Commission, which was responsible for the transfer of power from International Security Assistance Force (ISAF) troops to the Afghan National Defense and Security Forces (ANDSF).

Ghani ran for president a second time in 2014. No candidate won more than 50% of the vote, so a runoff election was set between him and his nearest rival, former Foreign Minister Abdullah Abdullah. On September 22, Ghani was declared the winner of the highly contentious election with 55.27% of the vote. On September 29, 2014, he was sworn in as president, while Abdullah was sworn in as chief executive of a new government of national unity.
SIGAR: And now?

President Ghani: And now we have 345,000 [personnel in] security forces. There are six army corps, plus the Capital Division. Every single one of them has facilities that stand out in comparison to the region. All this is generously given to us by the United States. Others have contributed, but relatively, the lion’s share is coming [from the United States]. We have a security training academy in Kabul; one part of it is created courtesy of Britain, based, affiliated with Sandhurst [the British military academy]. In other words, this again is a success in creation of a system that will underwrite the future generations, because all the training that takes place is not episodic; it’s not just for today. It lays down the foundation of generations to come.

We didn’t have any equipment. The police had no guns, nor did the army. We created an army, the first division of Afghan national army… And when they took their first parade to Kabul, citizens were crying and embracing them… So a basis for stability has been created.

When you look at our special forces, they have no match in the region. I think one could say that without exaggeration, not because others are not brave or trained, but because ours train with the very best, which is that of the United States Special Forces, and because we have had, unfortunately, immense combat experience. So our armed forces today are a tribute to this partnership. Look at last year this time, every, almost every single pundit was predicting that the Afghan security forces would not be able to take the withdrawal of 100,000 NATO ISAF [International Security Assistance Force] troops. And of course those pundits proved right about certain other locations, like Iraq, but the Afghan security forces have held, against immense threats, the integrity and the independence and the sovereignty of this country. This was inconceivable without that very significant investment that has taken place.

SIGAR: What about failures? What have been some of the failures of this reconstruction effort?

President Ghani: The failures have been inadvertent. They have been consequences of needing to work under pressure of time. The military engagement was conditional; President Obama defined very carefully, as commander-in-chief of the United States, the boundaries of engagement. And logistically the U.S. Army pulled off almost a miracle. In terms of supply-chain management, this, I think, will become a case study for decades to come, because [of] the speed with which the surge, you know, the [2009] scaling up took place, the supply routes that were created and others.

But on the civilian side, to scale up meant very different things, and the skills necessary for that sort of thing, because there was no preparation for that, were problematic, so that needs careful evaluation. For instance,
USAID [the U. S. Agency for International Development] had all the intentions, but it did not have capacity because in the 1970s, ‘80s, and ‘90s, all its capacity had been systematically taken away. So it had become an organization that could manage contracts, but could not mobilize directly the way it had done in the past. And the legacy of those decisions had consequences: so prices rose very significantly. On average, a USAID official was responsible for a minimum of $30 million in projects. So, these were challenges in contract management and others in a place where institutions were weak and ownership was low. It put a lot of burdens on the civilian staff and the embassy and USAID and others. Because we were dealing with emergencies, system-wide focus, processes, sustainability—those were issues that took a backseat, and now we are focusing very clearly on those.

SIGAR: What about the Western efforts to empower women and give them a larger role in society? Do you think those have been on target or would you like to see a different kind of focus?

President Ghani: First of all, this is a value we completely believe in. Our women experienced gender apartheid at the end of the 20th century. We have a long history of women’s empowerment in this country and have had very strong women historically, and particularly in the 20th century. In the 1960s, when I was in school, women came into their own, teachers, doctors, engineers, etc. … And in 1992, when the communist-backed government failed, the majority of the professors at Kabul University were women, as were the students. But then came a very strong gender apartheid that pushed them back. Our women desire participation, desire inclusion, and are emerging.

And one of the key achievements, again, has been that there is enormous capacity among the women. I had the honor of nominating the first woman to the supreme court of Afghanistan. Unfortunately, she lost [parliamentary confirmation] by eight votes. But I interviewed every head of provincial appellate courts, 34 of them; she stood head and shoulders above all of them. I did not appoint her because she was a woman; I nominated her because she was the most competent. And now we will [work] massively for placing women in senior positions; not because they are women, which is important, but because they are competent. …

The area where I would like to see a lot of shift is the economic empowerment of the women. Economic empowerment of women cannot come through contract-based consultants, because their incentives are very different. Key here is to make sure that a woman’s work transforms from unpaid work to paid work; that their value changes, that we focus initially on those areas where women [already] have a major role in the economy, but where they are marginalized. For instance, horticulture here is totally a women’s activity. Textiles has been a women’s activity. Jewelry could
become—could become, has been, but could become—much more significant. We’ve been weak in these areas. There has been a lot of talk, very nice glossy brochures, but not the substantive part. All help is appreciated, please don’t misunderstand me, but the focus needs to be … Just to give you an illustration, if 40, 20 of the top department stores and the chains in the United States could be persuaded to do two things: Sell a brand, help us develop a brand, made by Afghan women and market it. Develop the marketing links; it would do an unbelievable amount of good, and then the assistance could be channeled towards building those chains, because that sort of chain becomes sustainable. But if you’re transferring a cash transfer or, you know, doing a training course, [they’re] all valuable in their own right, but without a systemic focus, it doesn’t hold. And this is where I’d like the dialogue to focus. But it is precisely again because now we do have the educated women, the skilled women, and the entrepreneurial talent. The Afghan woman is a manager because she always has to make very hard choices, [such as] who to feed.

SIGAR: You have called for a jihad against corruption. Can you tell me what your government is doing to fight corruption?

President Ghani: Sure. First of all, on the second day in office, we took on the Kabul Bank. [The failure to rightly prosecute individuals responsible for the collapse of] Kabul Bank had become a symbol of governmental impotence and a face of entrenched interests and a face of, and a symbol of, the refusal of a government to own its problems. Now all the legal proceedings have been completed, we are realizing money—I think there have been crises from saving and loan associations in the United States, in Mexico, in Pakistan, in other countries—I think we are going to make history by making sure that public money is recovered. We have recovered over $228 million, $50 million of it very recently. And [it was] completed in record time, in six months, all the court process from the primary court to the Supreme Court was complete, and now we have a commission for bad debt collection.

The second issue was procurement, contracts. If you speak to [Major General Todd] Semonite, [at the time of the interview] commander of the Combined Security Transition Command-Afghanistan (CSTC-A), he will inform you that in the security area alone, we have secured a savings of $500 million. Every single contract, in terms of food, supplies, and others in the Ministry of Defense, was overhauled. Every Saturday, I chair a national procurement council and now we have a full agreement with CSTC-A that [when necessary], we order the renegotiation of these contracts. We’ve saved tens of millions of dollars, again, in terms of this. But the core of it is that everything now is becoming legal, because the smallest part of our procurement law is being enforced. People are not being allowed to get away
with first authorizing a project and then saying the budget must be allocated. It’s a legal process, it sends signals, and you can see that [the impact] is cascading down.

SIGAR: What about the attorney general? You have not yet appointed an attorney general.

President Ghani: The attorney general was changed [from] the previous one, about whom there were a lot of allegations. The sequence of reforms was, first, in the security area, I retired 62 generals in the Ministry of Defense alone. Ten more have been recently retired.

The second area was governance, to be able to get a cabinet, and, in terms of the cabinet, we’ve succeeded in bringing a totally new generation, competent, capable both of leadership, management, and teamwork, governance. We then focused on the Supreme Court, because now we have [former Deputy Minister of Justice Sayed Yousuf Halim] our best legal mind, with immense experience and not a whiff of corruption, who spent three decades in our Ministry of Justice and was the author of the most significant [legislation] because he led the legislative department, is now the Supreme Court [Chief Justice].

Now we will be turning in earnest toward the overhaul of the attorney general’s office. But because so much has to be [set up]—there’s a term coined by a business professor, it’s called the catalytic mechanism, meaning that oxygen and hydrogen will not produce water unless there is iron. Iron doesn’t do anything but makes it possible as a catalyst. I see my leadership role, one of my leadership roles is to serve as a catalyst for change. But this, to serve as a catalyst, you really need in-depth knowledge and understanding and sequencing. So for our first year, as we approach [the anniversary], I think our record is good but not brilliant, because again we’ve had to fight the war.

SIGAR: The United States has spent $8.4 billion on counternarcotics efforts and yet Afghanistan continues to break records for producing opium. What needs to change?

President Ghani: What needs to change is first we need to understand the problem. There are four drivers of narcotics: producers, processors, traffickers, and consumers. The illicit global economy is about $1.2 trillion a year. … Narcotics, whether heroin or cocaine, provide an immense part of this. The bulk of the profit goes to the traffickers, and there are empirical studies [that show that] our failure has been not focusing on agriculture and on job creation. Narcotics is a very large part of a very small economy.

The growth of the economy, a system that would be suitable to Afghanistan, was not the focus. You cannot carry a war on drugs because,
again, if you look at the literature on Latin America, Central America, and particularly Mexico, there are lessons and the lesson that is fundamental, [is that] those are failures. … The drug war there or the drug wars, because they have been fought over a very long time, the jury judges them to be problematic. Where success has been has been in Thailand, because the Golden Triangle [where drug production had been centered] shifted. And there the key issue was job creation.

Studies were done some years back by the U.S. Embassy [in Kabul], and it showed that in order to deal with narcotics successfully, we need 40,000 kilometers of road to integrate the economy nationally and regionally. Now, that is just beyond U.S. support. You know, we need a global alliance to be able to deal with this very systematically. The bulk, where does the bulk of the heroin go? Europe, Russia, Iran, and now expanding into China and India.

But the other part of it is now we really have a serious addiction problem ourselves, 3.5 million [citizens addicted]. So people were in denial here, they said—particularly false religious justification was provided that “Yes, it’s forbidden in Islam—because it is—but we are selling it to foreigners.” Now look at the news, it’s their children and children of their children that are addicted. So, we need a revolution in agriculture. U.S. assistance to Taiwan and to South Korea is the model, and to Japan. We need, and this is my message, we need to invest in agriculture and bring about that fundamental change to create the type of jobs because our most labor-intensive, the most well-paid, labor-intensive job is $4 a day. At the height of poppy harvesting, they are paying $16 to $18 a day and, even more striking, they are paying the women, not just the men.
SIGAR: That’s a big gap. Special Inspector General John F. Sopko has often said that the United States has helped Afghanistan build an army and a police and a government that it can’t afford. Donor grants make up around 60% of the budget here. What is your plan to wean Afghanistan off of donor assistance and to build the economy?

President Ghani: Well, first, fundamentally is that I agree that a key criteria of independence is not [simply] to have an army and a civil service; the key criteria is to be able to pay for it. So what we are focusing on is to create the self-reliance, because in today’s structure, it’s not autonomy. You cannot build autarky. The economy comes out of connectivity.

So what are our assets and how do we intend to utilize them? Our first asset is our location. All roads between Central Asia and South Asia lead to us. We also are in, now in a very good position to connect to China with which we have a 40-mile border—that’s significant—also to West Asia, to the Gulf Region. This is fundamental because connectivity would transform and would bring very, very significant revenue and the jobs structure of services. [The year] 1869, the United States created its economy when the railways were joined [between the Atlantic and Pacific coasts]. Before that it was a geographic space, then it became a continental economy.

Asia in the next 20 years is going to become a continental economy. Afghanistan’s connectivity is absolutely central to this, so we are focusing both on the software which is transit agreements, trade agreements, infrastructure agreements, and the hardware which is infrastructure. So if you want to do this now it requires the financial instruments and the resource mobilizations to build the infrastructure. Roads, railways, pipelines, transmission lines, because we are transferring power from central Asia, airports which the United States has helped build very generously, canals, highways, and dams.

Our second asset is water. Every day the climate change gets worse. If there are two degrees of warming, some of our neighbors are going to face very serious issues of desertification. Our water is fundamental. We have not managed our water; only 10% of our water is managed through 1960s technology. All the rest is managed through the technology of 2,500 years ago that we [Afghans] invented. And again, what the U.S. did in Taiwan and South Korea are examples that this can really be done, water can be harnessed. The productivity of water will be immensely transformative.

Our third asset is land. We have only half of the land under cultivation that we had in 1978. So land and water bring about rural stability and an ability to participate. Our balance of payments, at least $4 billion, is in foodstuffs. We should be exporting. We could transform this to a $2 billion net export.

Then there is our mining. I hired the U.S. Geological Survey because first nobody believed me when I was finance minister, and they said there is nothing but rocks in Afghanistan—Ashraf is crazy. Now nobody is saying I
am crazy. Thirty percent of our natural wealth has not only been surveyed from the air, it has been mapped from the ground because we had the previous Soviet Russian data. That is estimated at $1 trillion to $3 trillion. So we have the potential to become the largest producer of copper in the world and of iron. We have 14 of the 17 rare earth materials. With our lithium reserves, we are described as the “Saudi Arabia of lithium.” [We have] old, precious stones, and others. Then there is oil and gas. Our gas is not fantastic at this moment, but the news improves every year. So we have a substantial wealth in this country; our tragedy is we are a wealthy country inhabited by poor people.

Then there is money. A lot of money was made when you had 150,000 NATO ISAF troops and with them were around 400,000 contractors. It created immense jobs in the transport sector and the construction [industry]: we have thousands of millionaires in dollars. But the investment climate has not been appropriate. They spend a lot of money on conspicuous consumption. Some weddings cost $20 million. …

And then there’s our human capital. As I said, there are highly educated women, men, and our children, young people, went literally from refugee camps to the best Ivy League and West Coast universities, as well as the rest of the world. When you put this together, this country can become a viable economic proposition, and that’s what would then provide [the revenues for the state].

This is one part, the second is efficiency. We were given a level of luxury that [we cannot afford.] We need to economize so efficiency becomes extraordinarily important. For instance, food to the army and police. I’m reorganizing the entire supply of food to the army and the police so it supports Afghan firms. Almost all the products that were consumed by the army and police were imported. Nobody had figured out how to do this. Now, in the coming weeks, we will be organizing an extraordinarily efficient system of quality control so that a soldier, a policeman—my client is the individual serviceman and policeman—he or she needs to know that what she or he is eating is standard quality and a source of nourishment. This requires organizing the system and we are doing this. In every aspect of our security expenditure, we are focusing on economizing.

And third is, your previous expenditures have given us the platform now to complete in the next years because up to 2017, President Obama and Congress have generously committed [to continue providing assistance], and the next year we will be discussing commitments, that the expenditure is efficient and spent on long-term sustainability, which means certain core functions, how they are performed, would be revisited. For instance, vehicle repairs. You know, vehicle repairs were given in contracts to firms, I think one was called No Lemon, ironic name, that was a $250 million contract, if I recall. But, you know, vehicles needed to be hauled 100 miles or more to be repaired. Creating these workshops within our army and police
would be immense savings. So every single function, every core function is being revisited and we are looking at economizing.

And the last issue is of course to increase tax payments and a system of contributions. So again in terms of civilian expenditures for instance, in 2002, an average kilometer of road cost about $180,000 to $220,000 to build. On the Ring Road [a 2,200-mile, two-lane road connecting Afghanistan's major cities], it rose to $2.2 million per kilometer because the Kandahar road was built because President Bush generously made a commitment that the road would be finished [at record speed] before the election of 2004. [That cost per kilometer] just became the norm: from being the exception, it became the norm. And then costs kept rising and nobody was in charge. Now we have a full plan, not just how to build infrastructure, but how to build it efficiently, effectively and cost-effectively. …

The key is a virtuous circle. Government expenditure must become a stimulus for productivity. The formation of firms must take place in a manner where they both build an incentive and the willingness to pay the taxes and to train the people and all of us can join forces so that the image, what we inherited. …

On every global index, Afghanistan did not figure high, and that’s the challenge, to change our place because these indices are important for benchmarking, for measuring effort and for judging one’s self. And that is exactly what we are doing; we launched our first 100-day plan with the cabinet. Now it’s the end of its delivery, and that’s why SOM was a success. Now in the second 100 days we will be bringing provinces and ministries together, so that the goals are clear, the strategies are clear. The delivery needs to be in such a manner that gains public trust, yours and ours, because the American taxpayer is a stakeholder in Afghanistan and I acknowledge that openly and that’s why I’m speaking—I had the honor of addressing the Joint Session of Congress—I thank the American taxpayer because it’s her hard-earned money that we need to account for and this is why we talk about accountability, about mutual accountability, and about a compact and a partnership.

SIGAR: Mr. President, this has been absolutely fascinating and I could go on all day, but I’m getting signals that I think our time has run out. Thank you so much.

President Ghani: Unfortunately, I have to run a country. Otherwise I would be delighted to talk to you (laughs).
“I thank the American taxpayer because it’s her hard-earned money that we need to account for and this is why we talk about accountability, about mutual accountability, and about a compact and a partnership.”

—Afghan President Ashraf Ghani

Source: SIGAR, Interview with President Ghani, September 7, 2015.
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SIGAR OVERSIGHT ACTIVITIES

This quarter SIGAR issued 17 audits, inspections, alert letters, and other products. SIGAR work to date has saved over $2 billion.

A SIGAR performance audit found that the United Nations High Commissioner for Refugees (UNHCR) and the Department of State (State) are unable to independently verify the number of Afghan refugees reported by the Pakistani and Iranian governments, and that the Afghan Ministry of Refugees and Repatriation (MORR) has limited capacity to fulfill its obligations, despite international assistance. A second performance audit found that despite the Department of Defense’s (DOD) spending about $470 million to help support the Afghan Local Police (ALP), the ALP lack adequate logistics support, oversight, and a plan for either disbanding the force or incorporating it into the Afghan National Police (ANP).

During this reporting period, SIGAR also issued three alert letters this quarter. Two letters (one classified) expressed concerns about the fate of a command-and-control facility at Camp Brown. A third letter alerted DOD officials and U.S. military commanders of potential critical shortages of cold-weather gear for the Afghan National Defense and Security Forces (ANDSF).

This quarter, SIGAR published six financial audits; accomplishments to date include identifying more than $280.4 million in questioned costs and $289,880 in unremitted interest on advanced federal funds or other revenue amounts payable to the government. Furthermore, as of October 30, 2015, funding agencies had reached a management decision on 50 audits and over $16.7 million in questioned amounts are subject to collection.

Additionally, this quarter SIGAR published one inspection report. The report found that while a power-grid project was completed within budget and met contract performance standards, the power grid was not tested and deemed operable until more than 18 months after its completion.

This quarter, SIGAR’s Office of Special Projects published its review of the Task Force for Business and Stability Operations’ (TFBSO) Downstream Gas Utilization project. The office also wrote to U.S. military commanders to request information about the necessity for, and potential wastefulness of, several recent procurements made on behalf of the ANDSF.

Additionally, the Office of Special Projects wrote two letters to the U.S. Agency for International Development (USAID) which reviewed operations

ALERT LETTERS
- Alert Letter 15-79-AL: Camp Brown Command and Control Facility (Classified)
- Alert Letter 15-79-AL: Camp Brown Command and Control Facility (Unclassified)
- Alert Letter 15-86-AL: ANDSF Cold-Weather Gear

COMPLETED PERFORMANCE AUDITS
- Audit 15-83-AR: Afghan Refugees and Returnees
- Audit 16-3-AR: Afghan Local Police

COMPLETED FINANCIAL AUDITS
- Financial Audit 15-81-FA: Audit of Costs Incurred by Raytheon Company
- Financial Audit 15-87-FA: Audit of Costs Incurred by International Relief and Development Inc.
- Financial Audit 15-88-FA: Audit of Costs Incurred by Tetra Tech ARD
- Financial Audit 16-4-FA: Audit of Costs Incurred by Women for Afghan Women

COMPLETED INSPECTION
- Inspection 15-78-IP: Power Grid at the Counter Narcotics Strip Mall in Kabul

COMPLETED SPECIAL PROJECT PRODUCTS
- Review 15-80-SP: Tarakhil Power Plant
- Alert Letter 15-82-SP: PCH Facilities Coordinates Response
- Inquiry Letter 15-85-SP: ANDSF Procurements
- Alert Letter 16-1-SP: USAID-Supported Health Facilities in Herat
- Review 16-2-SP: TFBSO CNG Filling Station
Performance audits: provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence measured against stated criteria. Performance audits provide objective analysis so that management and those charged with governance can use the information to improve the program performance and operations, reduce costs, and facilitate decision-making by parties with responsibility to oversee or initiate corrective action for public accountability. Performance audits are conducted in accordance with generally accepted government auditing standards (GAGAS) and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Quality Standards for Federal Offices of Inspector General.

Inspections: are systematic and independent assessments of the design, implementation, and/or results of an agency’s operations, programs, or policies. SIGAR conducts inspections, in accordance with CIGIE Quality Standards for Inspection and Evaluation, to provide information to Congress and the public on the quality of construction of facilities and infrastructure throughout Afghanistan; and generally, to provide an assessment of the extent to which the facilities were constructed in accordance with the contract requirements, used as intended, and are being maintained.

Financial audits: provide an independent assessment of and reasonable assurance about whether an entity’s reported condition, results, and use of resources are presented in accordance with recognized criteria. SIGAR performs financial audits in accordance with GAGAS, which includes both requirements contained in the American Institute of Certified Public Accountants Statements on Auditing Standards and additional requirements provided in GAGAS. SIGAR also reviews financial audits conducted by independent public accountants (IPA). When an IPA conducts a financial audit, SIGAR conducts reasonable procedures to ensure compliance with GAGAS, based on the intended use of the IPA’s work and degree of responsibility accepted by SIGAR with respect to that work.

at the Tarakhil Power Plant and stressed the importance of maintaining accurate geospatial information for USAID-supported health facilities. As part of its ongoing review of USAID-supported health facilities in provinces throughout Afghanistan, SIGAR also wrote to USAID to provide the results of recent site inspections conducted by SIGAR to verify the accuracy of USAID locational data and operating conditions at 23 USAID-funded public-health facilities in Herat.

During the reporting period, SIGAR investigations achieved significant results once again. Cost savings to the U.S. government amount to approximately $123.7 million; fines, forfeitures, and restitutions total over $26.7 million. Additionally, there were two arrests, five criminal charges, seven convictions, and nine sentencings. SIGAR initiated 18 new investigations and closed 22, bringing the total number of ongoing investigations to 306. Savings to date from SIGAR investigations total over $944.5 million.

SIGAR’s suspension and debarment program referred 18 individuals and 12 companies for suspension or debarment from receiving U.S. government contracts. Three of these individuals were referred for suspension based upon criminal charges being filed against them for misconduct related to or affecting reconstruction contracting in Afghanistan. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 680, encompassing 361 individuals and 319 companies to date.

AUDITS
SIGAR conducts performance audits, inspections, and financial audits of programs and projects connected to the reconstruction effort in Afghanistan. Since its last report to Congress, SIGAR has issued two performance audits, one inspection, six financial-audit reports, and three alert letters. This quarter, SIGAR also began two new performance audits, bringing the total number of ongoing performance audits to 16. One published performance-audit report examined the extent to which State and UNHCR verify the number of Afghan refugees in Pakistan and Iran, and the Afghan government has implemented its refugee strategy. A second performance audit report was conducted to identify challenges to the ALP’s success, assess the Ministry of Interior’s (MOI) internal controls and CSTC-A’s oversight of salary disbursals to ALP personnel, and determine how the U.S. government and the MOI plan to monitor and sustain the ALP program. The performance audits made eight recommendations. The financial audits identified nearly $1.2 million in questioned costs as a result of internal-control deficiencies and noncompliance issues.

Alert Letters
U.S. military and civilian officials have asked SIGAR to provide them with real-time information to prevent waste and increase the effectiveness of
U.S. reconstruction programs in Afghanistan. One of SIGAR's main goals is to provide implementing agencies and Congress with actionable information while there is still time to make a difference. To achieve that goal, SIGAR sends alert letters to highlight concerns in real time, while implementing agencies are still able to act. During this reporting period, SIGAR also issued three alert letters this quarter. Two letters (one classified) expressed concerns about the fate of a command-and-control facility at Camp Brown. A third letter alerted DOD officials and U.S. military commanders of potential critical shortages of cold-weather gear for the ANDSF.

Alert Letter 15-79-AL: Camp Brown Command and Control Facility

On August 25, 2015, SIGAR wrote to DOD officials and U.S. military commanders to share the results of an inspection SIGAR conducted at Camp Brown on Kandahar Airfield (KAF).

In 2012, a KAF Infrastructure Planning Board official proposed construction of a command-and-control facility at Camp Brown to support missions in southern and western Afghanistan. At the time, mission activities were split among numerous buildings on Camp Brown adapted for intended use. In June 2012, the U.S. Army Corps of Engineers (USACE) awarded a firm-fixed-price contract for approximately $5 million to the Road and Roof Construction Company (RRCC), an Afghan firm, to construct the command-and-control facility at Camp Brown. The contract provided a performance period of 375 days from the notice to proceed, which occurred on July 17, 2012.

SIGAR visited the command-and-control facility at Camp Brown in November 2014, and again in January and February 2015. SIGAR found the building's exterior walls were concrete and solidly built, with no visible cracks. The interior was a shell with some cinder-block walls and concrete pillars, but no flooring at the ground level. The 35-foot-high building had a roof but no means of ascending to the second floor, and no plumbing or electrical systems had been installed.

From November 2012 through August 2013, USACE sent 14 letters to RRCC identifying issues with worksite safety, poor quality, lack of timely design submittals, and construction-schedule slippage. In April 2014, USACE sent a letter to RRCC stating that USACE was terminating the construction contract for convenience of the government because the facility was no longer needed. At the time of contract termination, RRCC had completed less than half of the command-and-control facility and USACE had paid the company about $2.2 million. According to a USACE official, no final termination settlement agreement has been reached with RRCC. The official stated that the final amount paid would not be determined until after the Defense Contract Audit Agency completes its audit of RRCC's costs and

A SIGAR inspection found that while the exterior of the command-and-control facility at Camp Brown was solidly built and without cracks, the interior was a shell with no flooring, electrical, or plumbing systems, or any means of ascending to the second floor. (SIGAR photo)
expenses. Since construction was terminated, the command-and-control facility has stood empty and has never been used.

Responsible officials stated they are not aware of any DOD plans to complete the facility or to demolish it. During SIGAR’s February 2015 site visit, the Train, Advise, and Assist Command-South deputy commander said the operations for which the facility had originally intended were modified. The deputy commander further stated that Camp Brown’s other buildings provided personnel with sufficient assets and that completing the command-and-control facility would not be an effective use of DOD funds.

Based on information available to SIGAR at this time, the decision to terminate the contract for the command-and-control facility at Camp Brown appears reasonable. Requirements and conditions had changed, resulting in the determination that the facility was no longer needed and project termination would save U.S. taxpayers’ money.

However, depending on what the future of DOD’s or the Afghan government’s activities at KAF might be, the department may want to consider whether the facility may be of use and, if so, complete the remaining construction. Factors to consider would include cost and time needed for project completion, mission requirements, and the expected life and maintenance costs of currently used facilities.

SIGAR wrote a classified version of this letter to DOD officials and U.S. military commanders on August 6, 2015.

**Alert Letter 15-86-AL: ANDSF Cold-Weather Gear**

SIGAR wrote to DOD officials and U.S. military commanders on September 16, 2015, to alert them to a potential critical shortage of cold-weather clothing for the ANDSF. SIGAR is currently conducting an audit examining the procurement and supply of organizational clothing and individual equipment (OCIE) for the ANDSF. Based on SIGAR’s preliminary review, it appears that the ANDSF will not have enough cold-weather clothing for 2015 and 2016. A lack of cold-weather clothing could adversely impact the overall effectiveness of the Afghan National Army (ANA) and ANP, and degrade their operational capabilities.

**Performance Audit Reports Published**

This quarter SIGAR published two performance audit reports. One report examined the extent to which State and UNHCR verify the number of Afghan refugees in Pakistan and Iran, and the Afghan government has implemented its refugee strategy. A second report was conducted to identify challenges to the ALP’s success, assess the MOI’s internal controls and CSTC-A’s oversight of salary disbursals to ALP personnel, and determine how the U.S. government and the MOI plan to monitor and sustain the ALP program.
Audit 15-83-AR: Afghan Refugees and Returnees  
Corruption and Lack of Afghan Ministerial Capacity Have Prevented  
Implementation of a Long-term Refugee Strategy

As a result of more than three decades of war and instability, millions of Afghans have fled to Pakistan, Iran, and other neighboring countries. As of December 2014, UNHCR reported that nearly 2.5 million Afghans, including 1.5 million registered refugees, were living in Pakistan, and 950,000 registered Afghan refugees were living in Iran. Since 2002, State has allocated over $950 million to programs intended to assist Afghan refugees in Pakistan and Iran and returnees in Afghanistan, as well as other vulnerable groups of Afghans. State’s Bureau of Population, Refugees, and Migration oversees the department’s refugee and returnee programs. State provides funding to UNHCR, other international organizations, and nongovernmental organizations to implement assistance programs. State relies on UNHCR—which in turn relies on the governments of Pakistan and Iran—to determine the number of Afghan refugees and returnees, and uses this estimate, among other data, to help form the basis for the bureau’s funding requests.

In May 2012, the governments of Afghanistan, Pakistan, and Iran developed the Solutions Strategy for Afghan Refugees, to Support Voluntary Repatriation, Sustainable Reintegration and Assistance to Host Countries (Solutions Strategy) to address the problems that Afghan refugees and returnees face. According to the strategy, the three countries agreed to work towards providing a minimum standard of living and livelihood opportunities for returnees, and preserving asylum space for refugees, among other initiatives.

The objectives of this audit were to assess the extent to which (1) State and UNHCR verify the number of Afghan refugees in Pakistan and Iran, and (2) the Afghan government has implemented the Solutions Strategy.

UNHCR and State are unable to independently verify the number of Afghan refugees reported by the Pakistani and Iranian governments. Since 2001, UNHCR and the Pakistani government have implemented additional processes to improve the accuracy of the data, but weaknesses in these processes limit assurances that the data is accurate and reliable. For example, the Pakistani government’s reported death rate for Afghan refugees in Pakistan is significantly lower than UNHCR’s estimate. UNHCR estimates that there are approximately 23,000 deaths among Afghan refugees in Pakistan each year. However, the Pakistani government reported only nine total deaths among Afghan refugees from January 2008 through June 2014.

Despite international assistance, the Afghan government has made limited progress in implementing the Solutions Strategy. The MORR—the ministry responsible for coordinating refugee and returnee affairs with other ministries and international organizations—has limited capacity to fulfill its obligations under the Solutions Strategy or to work with other ministries, and had been beset by allegations of corruption. For example, the

A SIGAR audit found that UNHCR and State are unable to independently verify the number of Afghan refugees, like those pictured here in Pakistan, reported by the Pakistani and Iranian governments. (UN photo by Luke Powell)
MORR has been unable to effectively distribute land to Afghan returnees under the Land Allocation Scheme, as called for in the Solutions Strategy, as well as by presidential decree and Afghan law.

Additionally, the MORR has failed to achieve one of the main objectives of the Solutions Strategy—identifying the needs of returnees in areas of high return—and communicating those needs to other ministries, as called for in the strategy. The MORR developed memoranda of understanding with each of the ministries that require the MORR to identify returnee needs, communicate those needs to its partner ministries, reassess the needs annually, and update partner ministries on any changes. In addition to the MORR’s shortcomings, there was a lack of will on the part of the MORR’s partner ministries to incorporate returnees’ needs into their programs. Citing a high-ranking Afghan government official in November 2013, a State official with the Bureau of Population, Refugees, and Migration said, “Refugees do not get much attention because they are not a priority issue and ministries do not think refugees are directly related to their work.”

Corruption within the MORR under the prior Afghan administration further limited its ability to implement the Solutions Strategy. For example, a 2013 Independent Joint Anti-Corruption Monitoring and Evaluation Committee assessment of the MORR’s operation found several instances of corruption. The assessment found that the MORR’s process for distributing land under the Land Allocation Scheme is afflicted by institutional corruption. The assessment also cited bribery, forgery, nepotism, embezzlement, and poor customer service as obstacles to the program’s implementation. Similarly, an evaluation of the UNHCR Shelter Assistance Program conducted in the fall of 2012 said the MORR is not a reliable partner to take over or continue UNHCR’s Shelter Assistance Program due to numerous instances of corruption, inefficiency, mishandling of funds, lack of human resources, and an inability to demonstrate technical or thematic knowledge of the populations falling under the ministry’s responsibility. UNHCR has since restricted its assistance to the MORR to mainly nonfinancial items.

Furthermore, State’s two-year capacity-building program, which was implemented by the International Organization for Migration (IOM) and intended to develop the MORR’s capacity, was hampered due to an “extremely challenging” working relationship with the MORR under its prior leadership. Prior to the conclusion of the program in 2014, and after discussing its concerns about the MORR with State, IOM decided to focus the program solely on the MORR’s provincial offices.

As a result of the MORR’s limited capacity and its problems with corruption, it has been unable to effectively lead and coordinate Afghan refugee and returnee efforts across the Afghan government and with international partners, thus preventing the ministry from fully implementing the Solutions Strategy and addressing the challenges refugees and returnees continue to face. The new Afghan national-unity government has expressed
its commitment to addressing refugee integration needs and dealing with capacity and corruption issues within the MORR, but it is too soon to tell how effective its efforts will be.

To assist the new Afghan administration in addressing the needs of Afghan refugee and returnees, and ensure effective implementation of the Solutions Strategy, SIGAR recommends that the Assistant Secretary of State, Bureau of Population, Refugees, and Migration monitor the Afghan administration’s efforts to increase capacity and reduce corruption within the MORR. If State determines that the MORR has made the necessary progress and that future U.S. assistance to the ministry is warranted, SIGAR recommends that such assistance include working with: (a) the MORR, in coordination with UNHCR and other implementing partners, to conduct an assessment that identifies the needs and challenges of returnees and develop a timeframe to address those needs and challenges, as called for in the Solutions Strategy; (b) the Afghan administration to ensure that other ministries incorporate the returnee needs the MORR identifies into Afghanistan’s national development priorities; and (c) the Afghan administration to hold the MORR, and other relevant ministries, accountable for implementing the Land Allocation Scheme, as required by Afghan law and presidential decree.

Audit 16-3-AR: Afghan Local Police
A Critical Rural Security Initiative Lacks Adequate Logistics Support, Oversight, and Direction

The ALP, established in 2010 under the authority of the MOI, works to enhance security in rural areas outside the reach of the ANA or the ANP. The ALP is tasked with strengthening local security through the training of rural Afghans to defend their communities against insurgents and other illegally armed groups.

The ALP headquarters is in Kabul, but each ALP unit is controlled through its respective district and provincial police headquarters. The ALP is authorized a total of 30,000 personnel, and, as of August 2015, consisted of 28,073 personnel across 150 districts.

The ALP is supported by U.S. and coalition forces, with oversight from the Combined Security Transition Command-Afghanistan (CSTC-A). CSTC-A is responsible for managing the use of U.S. funds to equip and sustain the ALP, and for building the capacity of the MOI in support of the ALP. As of April 2015, DOD had obligated and expended about $470 million to support the ALP. Based on current DOD estimates, $121 million will be needed annually to sustain the program.

SIGAR conducted this audit to (1) identify challenges to the ALP’s success; (2) assess the MOI’s internal controls and CSTC-A’s oversight of salary disbursements to ALP personnel; and (3) determine how the U.S. government and the MOI plan to monitor and sustain the ALP program.
Since 2010, DOD, has supported the creation, training, equipping, and sustainment of the ALP. However, despite hundreds of millions of dollars invested in the program over the last five years, the ALP lack adequate logistics support, oversight, and a plan for either disbanding the force or incorporating it into the ANP.

SIGAR found that the ALP’s effectiveness is hindered by inadequate logistics support and misuse of some ALP personnel. The ALP is the first line of defense for many villages across Afghanistan, but supplies ordered for the ALP are often diverted, delayed, of inferior quality, or heavily pilfered. Furthermore, Coalition and ALP personnel SIGAR interviewed stated that unreliable logistics and lack of supplies also increase the likelihood of attrition. Several internal reviews conducted by ALP leadership, which SIGAR reviewed, reported supply shortages for ALP units across many districts and provinces. Additionally, SIGAR found that some ALP personnel have been used inappropriately as bodyguards for Afghan government officials, which is in direct violation of the program’s regulating Afghan Local Police Procedures of Establishment, Management and Activity.

To independently assess internal controls of the time and attendance and salary disbursement data, SIGAR reviewed payroll documentation and identified several irregularities, primarily with the data collected and the forms used to facilitate the salary disbursement process. An audit conducted by the DOD Inspector General in 2012 recommended that CSTC-A should conduct a financial review of the funds spent on the ALP. While CSTC-A agreed with this recommendation, CSTC-A has not conducted any audits of the program. In 2014, CSTC-A commenced a limited audit of the program but cancelled it when SIGAR initiated this audit, despite SIGAR’s request that the command not cancel its audit.

DOD intends to continue funding the ALP program through at least September 2016, but long-term plans for transitioning or dissolving the ALP remain undefined, and recommended improvements are unimplemented. According to documents that created the ALP, the ALP is to be transferred to other Afghan security forces; however, age limitations and literacy requirements limit the number of ALP personnel who could potentially transfer. DOD's continuing support is contingent on the Afghan government determining its intent for the program and how it plans to pay the annual $121 million in program costs. The ALP management staff, in conjunction with DOD personnel, conduct periodic site visits of ALP units and report recommendations, which detail how the program could be improved; however, the recommendations often are not implemented.

To ensure that the ALP program is responsibly managed and sustained, and oversight of U.S. funds is improved, SIGAR recommends that the commanding general of CSTC-A consider making future funding for the ALP conditioned on the Special Operations Joint Task Force-Afghanistan and the MOI taking steps to (1) develop and enact measures to ensure that ALP
units, across all districts in which they are located, can reliably receive necessary supplies; (2) stop the misuse of the ALP as bodyguards for provincial and district officials; (3) create a comprehensive plan for the future transition, sustainment, or dissolution of the ALP; and (4) provide ALP headquarters the authorities necessary to enact recommendations included in its field visit reports. Additionally, to improve the oversight of U.S. funds, SIGAR recommends that the commanding general of CSTC-A: (5) assist the MOI in taking steps to improve internal controls over ALP time and attendance recording and collecting; (6) incentivize the MOI to maximize the use of electronic payment of ALP salaries, and reduce the use of the trusted agent method for paying salaries to the ALP; and (7) re-initiate its financial audit of the ALP program.

New Performance Audits Announced This Quarter
This quarter SIGAR initiated two new performance audits. They will assess the effectiveness of the Commander’s Emergency Response Program (CERP) and the award, administration, and performance of Legacy research contracts.

Effectiveness of the Commander’s Emergency Response Program in Afghanistan
According to DOD’s Financial Management Regulations and U.S. Forces-Afghanistan’s (USFOR-A) CERP standard operating procedures, the purpose of CERP is to enable commanders to respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility by carrying out programs that will immediately assist the indigenous population. In Afghanistan, the USFOR-A commander is responsible for program oversight and provides guidance on the program’s goals and objectives.

Since 2004, Congress has appropriated more than $3.68 billion to CERP in Afghanistan. SIGAR has previously issued reports on DOD’s management of CERP in Afghanistan, including a 2009 report examining the management and planning for CERP and a 2011 report on the oversight and management of CERP projects in Laghman Province, that have described issues with the management and oversight of the program, as well as the sustainment of CERP-funded projects.

This audit will evaluate whether DOD assessed the effectiveness of individual CERP projects, and the overall program, in meeting department and U.S. strategic goals and objectives. Specifically, SIGAR plans to determine the extent to which: (1) CERP regulations and standard operating procedures include guidance for the assessment of CERP projects; (2) DOD assessed the effectiveness of individual CERP projects to determine how the projects advance DOD and U.S. strategic objectives; and (3) DOD measured the effectiveness of CERP as a whole in meeting DOD and U.S. strategic goals.
Award, Administration, and Performance of Legacy Research Contracts

From 2007 to 2013, the U.S. Army Research Laboratory (ARL) awarded six contracts under two broad agency agreements to the Imperatis Corporation, which until 2013 was known as Jorge Scientific Corporation, to implement the Legacy program. Under the program, Imperatis and its subcontractor, New Century Consulting, were to provide basic and scientific research, develop technological solutions for Afghanistan, and provide highly specialized counterinsurgency intelligence experts to mentor and train the ANDSF. These efforts would allow the forces to conduct successful human intelligence operations against terrorist and insurgent networks in support of USFOR-A. The expected value of the six Legacy contracts from the beginning of the period of performance in September 2007 through its expected completion in March 2017 is more than $920 million. Imperatis Corporation and New Century Consulting have performed work under the contracts throughout Afghanistan during the period.

In April 2015, SIGAR issued a financial report on one of the Legacy contracts—Legacy East—from October 21, 2011, through March 15, 2014. The audit found that Jorge Scientific did not retain sufficient supporting documentation for New Century Consulting’s costs for the auditors to determine if the costs claimed were incurred, allocable, and complied with the appropriate cost principles. In addition, Jorge Scientific did not comply with federal procurement policies related to a competitive procurement process. As a result, Jorge Scientific could not demonstrate that $134.6 million of inadequately supported and improperly approved costs were reasonable, and the U.S. government may not have obtained the best value for goods and services procured.

This audit will review ARL’s award and administration of the Legacy research and analysis contracts, and determine whether Imperatis and its subcontractor, New Century Consulting, performed services in accordance with the contracts’ terms. Specifically, SIGAR plans to determine the extent to which: (1) ARL developed and awarded the Legacy contracts in accordance with its broad agency announcements for research and analysis contracts, and DOD and federal regulations; (2) ARL provided oversight of the tasks performed by Imperatis and New Century Consulting in accordance with the broad agency agreements and terms of the contracts; and (3) Imperatis and New Century Consulting performed tasks in accordance with ARL broad agency agreements and terms of the contracts.

Financial Audits

SIGAR launched its financial-audit program in 2012, after Congress and the oversight community expressed concerns about oversight gaps and the growing backlog of incurred-cost audits for contracts and grants awarded in support of overseas contingency operations. SIGAR competitively...
SIGAR OVERSIGHT ACTIVITIES

selects independent accounting firms to conduct the financial audits and ensures that the audit work is performed in accordance with U.S. government auditing standards. Financial audits are coordinated with the federal inspector-general community to maximize financial-audit coverage and avoid duplication of effort.

This quarter, SIGAR completed six financial audits of U.S.-funded contracts, grants, and cooperative agreements to rebuild Afghanistan. SIGAR also announced three new financial audits of USAID awards with combined incurred costs of more than $253 million, bringing the total number of ongoing financial audits to 23 with nearly $2.5 billion in auditable costs, as shown in Table 2.1. These audits help provide the U.S. government and the American taxpayer reasonable assurance that the funds spent on these awards were used as intended. The audits question expenditures that have not been substantiated or are potentially unallowable.

SIGAR issues each financial-audit report to the funding agency that made the award(s). The funding agency is responsible for making the final determination on questioned amounts identified in the report’s audit findings. Since the program’s inception, SIGAR’s financial audits have identified more than $280.4 million in questioned costs and $289,880 in unremitted interest on advanced federal funds or other revenue amounts payable to the government. As of October 30, 2015, funding agencies had reached a management decision on 50 completed financial audits and over $16.7 million in questioned amounts are subject to collection. It takes time for funding agencies to carefully consider audit findings and recommendations. As a result, agency management decisions remain to be made for several of SIGAR’s issued financial audits. SIGAR’s financial audits have also identified and communicated 201 compliance findings and 240 internal-control findings to the auditees and funding agencies.

SIGAR’s financial audits have four specific objectives:

- Express an opinion on whether the Special Purpose Financial Statement for the award presents fairly, in all material respects, revenues received, costs incurred, items directly procured by the U.S. government, and balance for the period audited in conformity with the terms of the award and generally accepted accounting principles or other comprehensive basis of accounting.
- Evaluate and obtain a sufficient understanding of the audited entity’s internal control related to the award; assess control risk; and identify and report on significant deficiencies including material internal-control weaknesses.
- Perform tests to determine whether the audited entity complied, in all material respects, with the award requirements and applicable laws and regulations; and identify and report on instances of material noncompliance with terms of the award and applicable laws and regulations.

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<th>Table 2.1</th>
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<tr>
<td><strong>SIGAR’S FINANCIAL AUDIT COVERAGE ($ BILLIONS)</strong></td>
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<tr>
<td>59 Completed Audits</td>
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<tr>
<td>23 Ongoing Audits</td>
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<td><strong>Total</strong></td>
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Note: Numbers have been rounded. Coverage includes auditable costs incurred by recipients of U.S.-funded Afghanistan reconstruction contracts, grants, and cooperative agreements.

Source: SIGAR Audits and Inspections Directorate.

**Questioned amounts**: the sum of potentially unallowable questioned costs and unremitted interest on advanced federal funds or other revenue amounts payable to the government.

**Questioned costs**: costs determined to be potentially unallowable. The two types of questioned costs are ineligible costs (violation of a law, regulation, contract, grant, cooperative agreement, etc., or an unnecessary or unreasonable expenditure of funds) and unsupported costs (those not supported by adequate documentation or proper approvals at the time of an audit).

**Special Purpose Financial Statement**: a financial statement that includes all revenues received, costs incurred, and any remaining balance for a given award during a given period.
SIGAR OVERSIGHT ACTIVITIES

• Determine and report on whether the audited entity has taken adequate corrective action to address findings and recommendations from previous engagements.

A list of completed and ongoing financial audits can be found in Appendix C of this quarterly report.

Financial Audits Published

This quarter, SIGAR completed six financial audits of U.S.-funded contracts, grants, and cooperative agreements to rebuild Afghanistan. These financial audits identified nearly $1.2 million in questioned costs as a result of internal-control deficiencies and noncompliance issues. These deficiencies and noncompliance issues included, among other things, failure to follow competitive procurement procedures, purchase of materials from restricted sources, overcharging due to utilization of improper currency exchange rates, lack of sufficient documentation to support costs incurred, and billing for ineligible tax fines and penalties.

Financial Audit 15-81-FA: Department of the Army’s Afghan National Army Depot Project

Audit of Costs Incurred by Raytheon Company

On July 15, 2011, the Army Contracting Command (ACC) awarded a one-year, $20.1 million contract to Raytheon Company (Raytheon) to support the ANA Depot Project. The project was intended to provide, among other things, management, operating, and logistics support, as well as personnel, materials, supplies, and equipment for two ANA depots in Kabul Province.

After several modifications, ACC exercised one additional option year, and project funding increased to $34,512,935. SIGAR’s financial audit, performed by Crowe Horwath LLP (Crowe Horwath), of the ANA Depot contract reviewed $33,396,684 charged to the contract from July 15, 2011, through June 19, 2013.

Crowe Horwath identified minor deficiencies that were resolved by Raytheon prior to the completion of the audit. As a result, there are no reportable audit findings.

Crowe Horwath did not identify any questioned costs, which would have included unsupported costs or ineligible costs. Crowe Horwath did not identify any prior reviews or assessments that pertained to Raytheon’s implementation of the ANA Depot Project or were material to the Special Purpose Financial Statement.

Crowe Horwath issued an unmodified opinion on Raytheon’s Special Purpose Financial Statement, noting that it presents fairly, in all material aspects, revenues received, costs incurred, and the balance for the indicated period audited.

Because Crowe Horwath did not report any findings related to the ANA Depot Project, SIGAR is not making any recommendations.
Financial Audit 15-84-FA: Afghanistan’s Electoral Reform and Civic Advocacy Program

Audit of Costs Incurred by Democracy International Inc.

On July 13, 2009, USAID awarded a $5 million, 140-day cooperative agreement to Democracy International Inc. (Democracy International) to fund the International Election Observation Mission for the 2009 presidential and provincial council elections in Afghanistan. The program was intended to conduct election observations and research to strengthen democratic election processes. After 28 modifications, the total cost of the cooperative agreement was increased to $38.7 million, the period of performance was extended to December 31, 2015, and the program was renamed the Afghanistan Electoral Reform and Civic Advocacy Program (AERCA). SIGAR’s financial audit, performed by Crowe Horwath, reviewed $6,179,567 in expenditures charged to the cooperative agreement from January 1, 2013, through June 30, 2014.

Crowe Horwath identified two material weaknesses in Democracy International’s internal controls and one instance of noncompliance with regulations. Specifically, Crowe Horwath found Democracy International did not have a process in place to monitor subrecipient expenditures under its USAID awards. Such a process would determine if Democracy International’s subrecipients were required to have financial audits of their USAID-funded expenditures. Additionally, Democracy International did not include certain contract provisions within its procurement contracts as required by federal regulations. Although Democracy International has since revised its standard contract templates to prevent omissions in future contracts, Crowe Horwath recommended that Democracy International obtain written certification on prior awards from each vendor regarding their compliance with the omitted regulatory provisions.

Crowe Horwath did not identify any questioned costs associated with the internal-control weaknesses and instance of noncompliance. Questioned costs consist of unsupported costs and ineligible costs.

Crowe Horwath identified two prior audit findings that pertained to Democracy International’s implementation of AERCA, and were material to the Special Purpose Financial Statement. The first finding concerned the retention of procurement documentation. Democracy International implemented corrective action, and Crowe Horwath did not identify any further concerns about documentation in its audit. The second prior audit finding noted that Democracy International did not include various provisions required by federal regulations and USAID policies within its subcontracts. As noted above, Crowe Horwath had a similar finding in its audit, but Democracy International has since revised its standard contract templates to prevent omissions in future contracts.

Crowe Horwath issued an unmodified opinion on Democracy International’s Special Purpose Financial Statement, noting that it presents...
fairly, in all material respects, revenues received, costs incurred, and the balance for the indicated period audited.

Based on the results of the audit, SIGAR recommends that the responsible agreement officer at USAID:
1. Advise Democracy International to address the report’s two internal-control findings.
2. Advise Democracy International to address the report’s one noncompliance finding.

Financial Audit 15-87-FA: USAID’s Afghan Civilian Assistance Program II

Audit of Costs Incurred by International Relief and Development Inc.

On September 27, 2011, USAID issued a three-year, $76.8 million cooperative agreement to International Relief and Development Inc. (IRD) to fund the Afghan Civilian Assistance Program (ACAP) II. The agreement consisted of $64 million in government obligations and $12.8 million in cost-share obligations from IRD. The program’s objective was to provide support to Afghan families and communities suffering from military operations against the Taliban or from insurgent attacks. After 11 modifications, the period of performance was extended through May 15, 2015. SIGAR’s financial audit, performed by Crowe Horwath, reviewed $52,440,664 in expenditures charged to the agreement from September 27, 2011, through May 15, 2015.

Crowe Horwath identified two material weaknesses in IRD’s internal controls, and one instance of noncompliance with the terms and conditions of the cooperative agreement. Specifically, Crowe Horwath found that IRD did not comply with USAID’s requirement to monitor subrecipient expenditures. IRD should have had a process in place to determine if its subrecipients were required to have financial audits of their USAID-funded expenditures. Additionally, Crowe Horwath identified that IRD overvalued donated supplies to meet cost-share requirements within the agreement. Per IRD, its in-kind donations was valued at $20,608,697; however, Crowe Horwath recalculated the actual value of the donated supplies at $14,211,358. The adjusted value of IRD’s donations still met the $12.8 million cost-share requirement of the agreement. To address this finding, IRD plans to issue new cost-share guidelines. Finally, IRD did not comply with federal regulations requiring that property and equipment records accurately reflect the assignment of title, source of the items, and ultimately their disposition.

Crowe Horwath did not identify any questioned costs associated with the internal-control weaknesses and instance of noncompliance. Questioned costs consist of unsupported costs and ineligible costs. Because IRD met its cost-share requirement as described above, the overvaluation of in-kind donations did not result in questioned costs.

Crowe Horwath obtained and reviewed prior audits, reviews, and evaluations pertinent to IRD’s financial performance under the cooperative
agreement. Per communications with IRD and USAID, there were three Office of Management and Budget Circular A-133 reports and one report issued by USAID that included ACAP II within their scopes. Crowe Horwath did not identify any findings pertinent to the ACAP II program during its review of the A-133 audit reports. USAID’s previous report contained a finding related to cost-sharing requirements; however, Crowe Horwath was not required to conduct follow-up procedures because the report made no recommendations for corrective action to IRD.

Crowe Horwath issued an unmodified opinion on IRD’s Special Purpose Financial Statement, noting that it presents fairly, in all material respects, revenues received, costs incurred, and the balance for the period audited.

Based on the results of the audit, SIGAR recommends that the responsible agreement officer at USAID:
1. Advise IRD to address the report’s two internal-control findings.
2. Advise IRD to address the report’s one noncompliance finding.

**Financial Audit 15-88-FA: USAID’s Land Reform in Afghanistan Program**

_Audit of Costs Incurred by Tetra Tech ARD_

On January 30, 2011, USAID awarded a $4 million, 18-month contract, inclusive of one option period, to Tetra Tech ARD to support the Land Reform in Afghanistan (LARA) program. The purpose of the LARA program was to develop a set of policies and laws that would establish a framework for Afghanistan’s land market to support investment and productive growth. The program was intended to provide technical assistance to the Afghan Land Authority and develop Afghan capacity to design, manage, and implement land-reform policies. After 12 modifications, the total cost of the contract increased to $41.8 million, and the period of performance was extended to November 2, 2014. SIGAR’s financial audit, performed by Davis, reviewed $38,424,091 in expenditures charged to the contract from January 30, 2011, through November 2, 2014.

Davis did not identify any material weaknesses or significant deficiencies in Tetra Tech ARD’s internal controls, or instances of noncompliance with the terms and conditions of the LARA program contract. As a result, Davis did not identify any questioned costs, which would have included unsupported costs or ineligible costs.

Davis requested copies of all prior audit reports that could have a material effect on the Tetra Tech ARD’s Special Purpose Financial Statement. Davis determined that a compliance review was performed by Ernst and Young in July 2012. The report issued identified three findings related to mandatory clauses not being included in subcontracts or subagreements, and one finding related to lost or missing assets not being reported to USAID. Davis reviewed Tetra Tech ARD’s response to the report and determined that the contractor’s corrective action was adequate.
Davis issued an unmodified opinion on Tetra Tech ARD’s Special Purpose Financial Statement, noting that it presents fairly, in all material respects, revenues received, costs incurred, and reimbursed for the period audited.

Davis did not report any findings related to the LARA program. Therefore, SIGAR is not making any recommendations.

Financial Audit 15-89-FA: USAID’s Sub-National Governance Structures Program in Regional Commands East and South

Audit of Costs Incurred by the Consortium for Elections and Political Process Strengthening

On June 3, 2008, USAID signed an 18-month cooperative agreement for $5.0 million with the Consortium for Elections and Political Process Strengthening (CEPPS) to support the Sub-national Governance Structures (SNG) program in Regional Commands East and South. The primary objective of the SNG program was to bridge the gap between governors and citizens by developing provincial governments’ capacity to understand and address constituent needs. SNG’s required activities included holding town hall meetings, distributing information about the governors’ policies, and supporting oversight of provincial development projects and budgets. After 14 modifications, program funding increased to $20.8 million, and the period of performance was extended through September 30, 2013. SIGAR’s financial audit, performed by Davis, reviewed $18,832,886 in expenditures charged to the agreement from June 3, 2008, through September 30, 2013.

Davis identified two material weaknesses and three significant deficiencies in CEPPS’ internal controls, and three instances of material noncompliance with the terms and conditions of the cooperative agreement. Specifically, Davis found that CEPPS was unable to provide adequate support for a competitive procurement process for rental-vehicle transactions. Davis also found several transactions in which CEPPS requested reimbursement for vehicles that were purchased in cash under employees’ names, but whose titles were never transferred to CEPPS. SIGAR is looking into this matter for a potential investigation. In addition, Davis found transactions that were not supported with a proof of payment or other sufficient documentation to prove the reasonableness of costs.

As a result of these internal-control deficiencies and instances of noncompliance, Davis identified $75,740 in total questioned costs, consisting of $75,740 in unsupported costs. Davis did not identify any ineligible costs.

Davis did not identify any prior audits, reviews, or evaluations that pertained to CEPPS’s activities under the SNG program. CEPPS and USAID also indicated that there were no prior audit reports issued on the program.

Davis issued an unmodified opinion on CEPPS’s Special Purpose Financial Statement, noting that it presents fairly, in all material respects, revenues received, costs incurred, and the balance for the period audited.

Based on the results of the audit, SIGAR recommends that the responsible agreement officer at USAID:
Financial Audit 16-4-FA: Department of State’s Promotion and Protection of Afghan Women’s Rights in Afghanistan Program
Audit of Costs Incurred by Women for Afghan Women

On March 3, 2011, INL awarded a three-year, $5.7 million grant to Women for Afghan Women (WAW) to support the Promotion and Protection of Afghan Women’s Rights in Afghanistan program. The program was intended to improve awareness of individual and human rights, conduct outreach campaigns, and prevent and reduce violence against women and girls. After two modifications, program funding increased to more than $6.8 million, and the period of performance was extended to June 3, 2014. SIGAR’s financial audit, performed by Davis, reviewed $6,803,484 in expenditures charged to the grant from March 5, 2011, through June 3, 2014.

Davis identified one material weakness and one significant deficiency in WAW’s internal controls, one instance of noncompliance, and two instances of material noncompliance with the terms and conditions of the grant. Specifically, Davis found that WAW did not properly calculate the currency exchange rate, which resulted in WAW overbilling the U.S. government by $204,844. Additionally, Davis found that WAW charged the U.S. government $126,219 for New York-based positions, but was unable to provide adequate supporting documentation for these costs. WAW also charged the government for ineligible costs such as its executive director’s tax penalties and materials purchased from Iran. Based on Davis’s review of the supporting documentation, WAW charged the government for its executive director’s Afghan income taxes, including fines for tax penalties. In addition, WAW purchased some Iranian materials, including gas cylinders, carpet, plastic chairs, and cable line; however, the purchase of materials from Iran is not allowable under U.S. government awards. In addition, Davis found that WAW did not competitively procure or provide adequate support justifying the use of sole-source-rented office space at a cost of $717,933 to the government.

As a result of these internal-control deficiencies and instances of noncompliance, Davis identified $1,083,283 in total questioned costs, consisting of $844,152 in unsupported costs and $239,131 in ineligible costs.

Davis did not identify any prior audits, reviews, or evaluations that pertained to WAW’s activities under the Promotion and Protection of Afghan Women’s Rights in Afghanistan program. WAW and State also indicated that there were no prior audit findings that could have a material effect on the Special Purpose Financial Statement.

Davis issued a modified opinion on the Special Purpose Financial Statement due to unreasonable and unsupported program costs, such as the...
improper currency exchange rate used, a lack of competitive procurement bids, and insufficient supporting documentation for administrative costs.

Based on the results of the audit, SIGAR recommends that the responsible grant officer at State:
1. Determine the allowability of and recover, as appropriate, $1,083,283 in total questioned costs identified in the report.
2. Advise WAW to address the report’s two internal-control findings.
3. Advise WAW to address the report’s three noncompliance findings.

INSPECTIONS

Inspection Report Published
This quarter SIGAR published one inspection report. The report found that while a power grid project was completed within budget and met contract performance standards, the power grid was not tested and deemed operable until over 18 months after its completion.

Inspection 15-78-IP: Power Grid Project at the Counter Narcotics Strip Mall in Kabul
Construction Met Contract Requirements but Electrical System Was Not Deemed Operable Until More Than 18 Months After Project Completion
In September 2011, State awarded a $1.3 million firm-fixed-price design/build contract to BSCEC JV MSCC (BSCEC), an Afghan firm, to connect eight law-enforcement compounds in Kabul, Afghanistan, to the local commercial power grid. The eight compounds—one for the U.S. Drug Enforcement Administration and seven for Afghan government entities—are co-located at a site referred to as the Counter Narcotics Strip Mall (Strip Mall). The site, which is on the northern outskirts of Kabul, provides a secure location for agencies working on interdiction of drug trafficking and detention of suspects.

Each compound at the Strip Mall is powered by diesel-fuel generators. Under a contract awarded by USACE in 2007, a commercial power line was installed between the Kabul North Electric Substation and the Strip Mall in anticipation of a future project to install an electrical system inside the Strip Mall. The 2011 BSCEC project—funded by State’s Bureau of International Narcotics and Law Enforcement Affairs (INL)—called for construction of three components that, taken together, would provide commercial power to the eight law enforcement compounds.

The contract was completed within the firm-fixed-price amount with only a $5,381 deduction under the final modification to account for actual Defense Base Act insurance costs paid by the contractor. The objectives of this inspection were to determine whether: (1) work was completed in accordance with contract requirements and applicable construction
standards, and (2) the compounds have access to commercial power, as intended.

A January 2015 SIGAR site visit found that BSCEC’s construction conformed to contract requirements. Although SIGAR found that the project’s construction fulfilled requirements, SIGAR could not determine whether the electrical system was operational during its site visits because no commercial power was available to the system at those times. However, INL officials stated that the system was tested on January 14, 2015, and all electrical components functioned properly.

Although the contracting officer’s representative determined that the contract was substantially complete and INL accepted the power-grid project from the contractor in June 2013, the electrical system powering the compounds was not tested and deemed operable until January 2015. During that delay, BSCEC’s one-year warranty period expired without any testing to determine if the electrical system was operable.

INL officials attributed this delay to protracted discussions and negotiations with the Afghan power authority regarding (1) a hookup fee to bring commercial power to the new electrical system, and (2) actions needed to repair the existing USACE-built power lines, which run from the Kabul North Electrical Substation to the new system built within the Strip Mall. INL officials explained that Afghan government authorities still need to put in place billing arrangements with the Afghan power authority to pay for any supplied commercial power. It is expected these arrangements will be made prior to the turnover of these compounds to the Afghan government, which is expected to occur by December 2015.

In addition, SIGAR found that a protracted payment dispute with INL led BSCEC to delay its final invoice until just prior to the expiration of the funds appropriated for the project. INL officials are seeking current-year funds to pay the contractor’s final invoice and acknowledge that a minor Prompt Payment Act penalty will be due to the contractor.

**New Inspections Announced This Quarter**
This quarter, SIGAR has initiated five new inspections. Each inspection will assess whether (1) construction has been or is being completed in accordance with contract requirements and applicable construction standards, and (2) the parts of the facility, if any, that are occupied are being used as intended and properly maintained. These inspections will assess:

- Construction of the ANA’s Ground Forces Command, Garrison Support Unit, and Army Support Command
- Afghan 3rd Air Squadron Special Mission Wing Facilities in Kandahar
- Women’s dormitories at Balkh University
- Salang Hospital in Parwan Province
- Baghlan Prison
**SIGAR OVERSIGHT ACTIVITIES**

**Status of SIGAR Recommendations**

The Inspector General Act of 1978, as amended, requires SIGAR to report on the status of its recommendations. This quarter, SIGAR closed 28 recommendations contained in 12 audit and inspection reports. Five of the reports contained recommendations that resulted in the recovery of $5,561,021 in ineligible or unsupported contract costs paid by the U.S. government.

From 2009 through September 2015, SIGAR published 197 audits, alert letters, and inspection reports and made 609 recommendations to recover funds, improve agency oversight, and increase program effectiveness. SIGAR has closed over 81% of these recommendations. Closing a recommendation generally indicates SIGAR’s assessment that the audited agency has either implemented the recommendation or otherwise appropriately addressed the issue. In some cases, a closed recommendation will be the subject of follow-up audit work.

The Inspector General Act of 1978, as amended, also requires SIGAR to report on any significant recommendations from prior reports on which corrective action has not been completed. In this quarter, SIGAR continued to monitor agency actions on recommendations in 39 audit and five inspection reports. In this quarter, there were no recommendations over 12 months old where the agency had yet to produce a corrective-action plan that SIGAR believes would resolve the identified problem or otherwise respond to the recommendations. However, there are 11 audit reports over 12 months old where SIGAR is waiting for the respective agencies to complete their agreed-upon corrective actions.

**SPECIAL PROJECTS**

SIGAR’s Office of Special Projects was created to examine emerging issues and deliver prompt, actionable reports to federal agencies and the Congress. The team conducts a variety of assessments, producing reports on all facets of Afghanistan reconstruction. The directorate is made up of auditors, analysts, investigators, lawyers, subject-matter experts, and other specialists who can quickly and jointly apply their expertise to emerging problems and questions.

This quarter, SIGAR’s Office of Special Projects published its review of TFBSO’s Downstream Gas Utilization project. The office also wrote to U.S. military commanders to request information about the necessity for, and potential wastefulness of, several recent procurements made on behalf of the ANDSF.

Additionally, the Office of Special Projects wrote two letters to USAID which reviewed operations at the Tarakhil Power Plant and stressed the importance of maintaining accurate geospatial information for USAID-supported health facilities. As part of its ongoing review of USAID-supported health facilities in provinces throughout Afghanistan, SIGAR also
wrote to USAID to provide the results of recent site inspections conducted by SIGAR to verify the accuracy of USAID locational data and operating conditions at 23 USAID-funded public-health facilities in Herat.

**Review 15-80-SP: Tarakhil Power Plant**

SIGAR wrote to USAID on August 7, 2015, to respond to the agency’s June 26, 2015, memorandum which addressed a prior SIGAR’s special project (see SIGAR 15-65-SP).

Based on information provided in USAID’s June 26 response, SIGAR found that the $335 million Tarakhil Power Plant, an apparently “vital component” of the electrical grid serving Kabul, remains severely underutilized. In particular, data provided by USAID and by Da Afghanistan Breshna Sherkat (DABS) show that the Tarakhil Power Plant continues to operate at only a fraction of its power production capacity.

In fact, SIGAR analysis determined that power production has actually declined over time. In addition to running far below its full capacity, the plant contributes a relatively small amount of electricity to the power grid serving Kabul. In its letter, SIGAR also pointed out that there is strong evidence that the Tarakhil Power Plant was originally intended to provide electrical power to Kabul on a continuous basis, and not as a “means of providing insurance against disruption of power supplies from Central Asia and as a backup during peak demand,” as USAID explained.

Furthermore, according to the USAID Office of the Inspector General, the use of the Tarakhil Power Plant on only an intermittent basis caused damage to the plant. This underutilization of the plant has apparently already resulted in the premature failure of equipment, which was expected to raise already high operation and maintenance costs, and could result in “catastrophic failure.”

While USAID agreed to, and has taken, some actions in response to the concerns raised by USAID OIG, those actions have not yet resulted in the increased use of the Tarakhil Power Plant. Affordable and reliable electricity is critical to the economic growth and stability of Afghanistan. However, the construction of a $335 million diesel-fueled power plant outside of Kabul does not seem to have contributed significantly to this important goal since it was handed over to the Afghan government more than five years ago.

**Alert Letter 15-82-SP: PCH Facilities Coordinates Response**

On August 18, 2015, SIGAR wrote to USAID, addressing USAID’s response to a prior SIGAR special project (see SIGAR 15-67-SP). In its response, USAID sent SIGAR an updated list of 586 PCH-supported health facilities, which is 55 fewer facilities than in the original list of 641 that SIGAR originally analyzed.

After analyzing the updated list, SIGAR found new irregularities that led the agency to believe that the updated list may contain errors. For
example, SIGAR found that 60 facilities did not have geospatial data in either list and that the updated list does not provide any new coordinates for 115 of the facility locations which SIGAR expressed concern about in its June 2015 letter.

Moreover, the updated list provided new coordinates for 513 facilities; however, SIGAR analysis showed that these new locations were an average of 55 kilometers away from the original coordinates, with some locations hundreds of kilometers away. Of particular concern, in five provinces, USAID provided new location data for every PCH-supported health facility. These observations led SIGAR to believe that either the original USAID data or the new data was terribly inaccurate.

After SIGAR convened meetings with USAID officials in Washington, DC, and in Afghanistan, the USAID team committed to address these errors and provide SIGAR with updated data. USAID’s action to address these errors demonstrated a commitment to maintaining accurate and reliable information for the location of these health facilities.

However, SIGAR remains puzzled by conflicting statements from various USAID officials regarding the importance of geospatial data and the usefulness of that data in providing effective program oversight. SIGAR is also concerned by some statements attributed to an unidentified USAID spokesman regarding the USAID-provided data SIGAR used to complete the analysis contained in its original inquiry. According to a July 2015 article, the USAID spokesman stated, “I believe that SIGAR’s initial request for the data was informal in nature. SIGAR did not express concerns about the data with us prior to this inquiry letter.”

This is a gross mischaracterization of SIGAR’s request. The coordinates SIGAR initially analyzed were requested as part of a formal and ongoing criminal investigation. At no time prior to the release of SIGAR’s original inquiry letter—which identified concerns with nearly 80% of all PCH-supported health facilities—did USAID alert SIGAR investigators to the existence of a more reliable data set.

Although the PCH program ended June 30, 2015, USAID has stated that it will continue to support health-facility operations through a World Bank-managed program. SIGAR encourages USAID to obtain accurate geospatial locations for the health facilities it will support through the World Bank mechanism as soon as possible, ideally before USAID begins using this mechanism. SIGAR will continue to monitor USAID’s support to health facilities in Afghanistan.

**Inquiry Letter 15-85-SP: ANDSF Procurements**

On September 11, 2015, SIGAR wrote to U.S. military commanders to request information about the need for several recent procurements made on behalf of the ANDSF. These included multipurpose and tactical vehicles, M16 rifles, and ammunition whose contract value totaled more than $630 million.
SIGAR is concerned that U.S. taxpayer funds may be purchasing equipment and vehicles in quantities that exceed the needs of the ANDSF. SIGAR also expressed concern that such large acquisitions could prompt the premature disposal of equipment and vehicles that have already been issued to the ANDSF and that have significant service life remaining. DOD has responded to this inquiry letter, and SIGAR is currently processing that response.

**Alert Letter 16-1-SP: USAID-Supported Health Facilities in Herat**

SIGAR wrote to USAID on October 20, 2015, to provide the results of recent site inspections conducted by SIGAR to verify the accuracy of USAID locational data and operating conditions at 23 USAID-funded public-health facilities in Herat. Forty additional sites were deemed inaccessible due to security conditions. The site inspections are part of SIGAR’s ongoing examination of the USAID- and Afghan government-maintained geospatial location information for health facilities, the accuracy of which is essential for effective oversight.

At each of the 23 site visits in Herat, SIGAR took a minimum of 25 time, date, and location-stamped photographs; completed an overall assessment of the facility; recorded, among other information, the geospatial coordinates of the facility, whether the facility appeared to be open and operational, and whether the facility had reliable access to electricity and water and an on-site pharmacy; and conducted interviews with a facility staff member and a member of the community intended to be served by the health facility.

The 23 site inspections revealed that the geospatial coordinates for seven of the 23 facilities were more than five kilometers away from the coordinates provided by USAID and the Afghan government. All 23 health facilities were open and operational, and of the 23 community members interviewed, 18 perceived the facilities to be in good working order. The site inspections noted issues including inadequate or sporadic access to electricity, water, or needed pharmaceuticals at several locations, which raises concerns that USAID is paying for services that the implementing partner is not providing.

Also of concern is that the documentation provided by USAID to identify the location and existence of the remaining clinics (inaccessible due to security conditions) in Herat was generally quite poor. None of the photographs were embedded with geospatial coordinates, and there were no site visit or other monitoring reports included for any of the facilities.

**Review 16-2-SP: TFBSO CNG Filling Station**

On October 22, 2015, SIGAR provided its report on TFBSO’s Downstream Gas Utilization Project to DOD. According to a TFBSO study, the Task Force spent nearly $43 million to construct a compressed-natural-gas (CNG) automobile filling station in the city of Sheberghan, Afghanistan. The main purpose of the project was to demonstrate the commercial viability
of CNG for automobiles in Afghanistan as part of a broader effort to take advantage of Afghanistan’s domestic natural gas reserves and reduce the country’s reliance on energy imports.

Although TFBSO achieved its immediate objective of building the CNG filling station, it apparently did so at an exorbitant cost to U.S. taxpayers. In comparison, SIGAR found that a CNG station in Pakistan costs no more than $500,000 to construct. Furthermore, there is no indication that TFBSO considered the feasibility of achieving the station’s broader objectives or considered any of the potentially considerable obstacles to the project’s success before beginning construction.

One of the most troubling aspects of this project is that, when asked, DOD was unable to provide documentation supporting the high cost of the project or to answer any other questions concerning the development, initiation, or outcome of the overall project. In response to SIGAR’s initial request for information, an official from the Office of the Secretary of Defense stated that due to the fact that TFBSO operations had ceased, the Department no longer had the expertise to answer SIGAR’s questions.

However, after receiving this SIGAR special project report, that official stated that the Department is “fully prepared” to provide SIGAR with access to documents and officials related to SIGAR’s review of TFBSO activities. On October 13, 2015, SIGAR again reached out to DOD to speak to those officials, but DOD was not able to identify anyone, within the time requested, who could answer SIGAR’s questions regarding the lack of a feasibility study for the project or the reported $30 million in overhead.

Although DOD was unable to clarify or respond to the issues related to this TFBSO project, SIGAR’s efforts to obtain necessary documentation—from TFBSO prior to its closure and via subpoena to TFBSO contractors—yielded sufficient evidence to issue this special project report. For future projects related to TFBSO activities, SIGAR will continue to reach out to DOD in hopes of identifying someone at the Department who is able to discuss the activities and expenditures of the Task Force and provide requested documentation in accordance with SIGAR’s statutory authorities.

LESSONS LEARNED

SIGAR created the Lessons Learned Program (LLP) to conduct a comprehensive analysis of the reconstruction effort in Afghanistan from 2001 onwards to identify best practices and lessons to help address systemic issues facing U.S. reconstruction efforts there. The LLP has four ongoing projects which are examining interagency coordination on strategy and planning, U.S. coordination with external partners in administering aid to Afghanistan, the efficacy of counternarcotics interventions and U.S. perceptions of and responses to corruption in Afghanistan. A Lessons Learned
project announced this quarter will review how U.S. efforts contributed to private-sector development and economic growth in Afghanistan.

New Lessons Learned Project
This quarter the LLP announced a project that will review the impact of U.S. efforts on private-sector development and economic growth in Afghanistan.

Private Sector Development and Economic Growth
In 2001, after the disruptions caused by two decades of war, conflict, and repressive regimes in Afghanistan, the United States and its allies recognized the importance of building a strong Afghan economy. In addition to providing human security and livelihoods for the Afghan people and generating revenue for the government, one of the main justifications for economic growth was the deeply ingrained assumption that economic growth would lead to stability and support for both the state and the international forces. In most surveys conducted since 2001, Afghans have put broad-based economic growth and job creation second only to physical security as a priority.

Considering the starting point in 2001, Afghanistan’s economy has made significant progress, experiencing 10 years of nearly double-digit growth in GDP and notable success in sectors such as telecommunications. Yet Afghanistan’s economic growth has not met expectations, even before growth declined to 3.7% in 2013 and then further to 2% the following year. Growth has been driven largely by nonsustainable, donor-fueled consumption based on spending in sectors such as construction and services. Job creation has not nearly kept up with the number of new workers entering the workforce each year, let alone met the heightened expectations created after 2001.

A key question, then, is to what extent the characteristics of the present-day Afghan economy are the result of the level and type of donor-supported policies and programs, and to what extent are they simply the consequences of conditions and dynamics (e.g., insecurity and uncertainty) beyond the influence of any reconstruction effort. For a variety of reasons, there has been very limited systematic and comprehensive assessment of this question. Many of the metrics used by agencies for determining the success of their programs are narrowly focused on activities and outputs (e.g., people trained, months of employment provided) and outcomes are often measured within the limited timeframes of projects, ignoring long-term impact such as economic growth or poverty reduction. Also, in part due to the pressure to implement projects quickly, rigorous monitoring and evaluation was not always built in from the start.

To address this issue, this project will examine: (1) the extent to which there was a comprehensive and consistent U.S. strategy for private-sector development and economic growth, and how it evolved over time in
response to changes in the political and security situation; (2) the extent to which individual programs and projects fit with the overall stated strategy and goals; (3) the extent to which strategy, policies, programs, and projects were a good fit with the environment; (4) the level of programming coherence among U.S. agencies and other sectors and donors (e.g., World Bank, UK Department of International Development, UN agencies); and (5) the extent that U.S. government reconstruction efforts led to planned outcomes such as new or higher value economic activity, especially in the areas of job creation, trade, investment, and development of value chains.

**INVESTIGATIONS**

During the reporting period, SIGAR investigations achieved significant results once again. Cost savings to the U.S. government amount to approximately $123.7 million; fines, forfeitures, and restitutions total over $26.7 million. Additionally, there were two arrests, five criminal charges, seven convictions, and nine sentencings. SIGAR initiated 18 new investigations and closed 22, bringing the total number of ongoing investigations to 306, see Figure 2.1.

The accomplishments of the quarter bring the cumulative total in criminal fines, restitutions, forfeitures, civil settlement recoveries, and U.S. government cost savings from SIGAR’s ongoing investigations to over $944.5 million. Investigative outcomes include 103 arrests, 136 criminal charges, 100 convictions, and 78 sentencings.

**Investigation Results in $116 Million Savings to the U.S. Government**

A SIGAR investigation confirmed allegations that Mitas Energy Afghanistan (Mitas) submitted a fraudulent bid package to USACE. Mitas was subsequently disqualified from the bid process, resulting in a savings of $116,272,883 to the U.S. government.

In April 2015, SIGAR received information that Mitas had submitted a bid to USACE on the Northern Electrical Power System Phase IV (NEPS IV) Project in Afghanistan, which had a projected cost range of $100 to $250 million. The allegations included information that the president of Mitas, Abdul Majeed Fana, had previously been debarred by the U.S. government when Fana was president of another company.

Through coordination between SIGAR and Afghan officials, various findings revealed that the bid package submitted by Mitas appeared to contain fraudulent affidavits and fraudulent letters of attestation provided by Fana and other Mitas officials. USACE unknowingly accepted the fraudulent documents as valid and deemed Mitas to be a qualified vendor. SIGAR contacted officials at USACE who advised that Mitas was one of the companies found to be responsible and eligible to be selected for the NEPS IV contract.
SIGAR worked closely with USACE officials and provided USACE with a detailed report of findings. Subsequently, USACE determined that Mitas was nonresponsible and disqualified Mitas from the bidding process. The cancellation of the Mitas bid, which totaled $116,272,883, marks a significant savings to the U.S. government.

In addition, SIGAR obtained information indicating that officials at Mitas paid large bribes to officials of the Afghanistan Investment Support Agency (AISA), including the director of licensing at AISA. AISA is an organization that plays a key role in the screening of individuals and businesses and in the issuing of business licenses to individuals and entities conducting business in Afghanistan. In exchange, the director of licensing provided fraudulent AISA documents to Mitas, which were then submitted to USACE as part of the fraudulent bid package. The director of licensing is one of the most powerful and influential positions at AISA. SIGAR had previously received information from various sources that the director of licensing was heavily involved in bribery and corruption.

Because of the high level of corruption and the sensitivity of the matter, SIGAR referred its investigative findings directly to special advisors to President Ghani at the presidential palace. The palace then referred the matter to the Afghan Attorney General’s Office, which resulted in the termination of the director of licensing’s employment at AISA. This matter continues to be jointly investigated by SIGAR and the Afghan Attorney General’s Office.

**Former U.S. Air Force Captain Sentenced**

On August 21, 2015, in the Northern District of Iowa, Central Division, Adam Pudenz, a former U.S. Air Force officer, was found guilty of making a materially false statement and of violating the restriction on post-employment communications and appearances. Pudenz was sentenced to serve two concurrent terms of three years’ supervised probation. As part of his plea agreement, Pudenz forfeited items purchased with the proceeds of the crime valued at approximately $150,000, including his home in Carroll, Iowa, and several Afghan rugs.

In 2010, Pudenz, then a U.S. Air Force Captain, was stationed at Camp Eggers in Afghanistan, where he oversaw multimillion-dollar U.S. government contracts for the provision of clothing and footwear to the ANSF.

In December 2010, prior to departing Afghanistan, Pudenz negotiated for future employment with an Afghan company that held several of the U.S. government contracts administered by Pudenz, a fact Pudenz later denied in an interview with law enforcement agents. Prior to his discharge from the military in January 2011, Pudenz received from his command a legal opinion prohibiting his employment with the same Afghan company. Pudenz disregarded the legal advice and, in March 2011, returned to Afghanistan to begin working for the Afghan company.
SIGAR HOTLINE OUTREACH

In February 2014, the SIGAR Hotline launched an outreach effort using the Facebook social-media platform. The outreach program has succeeded in publicizing the SIGAR mission to combat corruption, fraud, waste and abuse in the Afghanistan reconstruction effort to hundreds of thousands of Afghans.

Most recently, the Hotline prepared a Pashto advertisement page detailing SIGAR’s mission and responsibilities. With assistance from SIGAR’s Public Affairs team, the advertisement was posted to SIGAR’s Facebook page. The post has had a “reach” in excess of 600,000. Reach is defined as the number of Facebook users who have viewed the post. Of these viewers, over 48,000 have “liked” the post and it was shared (reposted) over 270 times. The additional shared postings increased the exposure exponentially. Additionally, there were over 180 Facebook comments posted by viewers.

It is important to note that all of these comments were positive in nature. Comments posted to previous ads were mixed; both negative and positive. SIGAR analyzed these previous ad comments and realized there was a misunderstanding of the SIGAR role and mission in Afghanistan. What SIGAR found was that many Facebook followers believed SIGAR was a private American corporation. This prompted a change in strategy to ad phrasing whereby SIGAR first informs the readers about SIGAR and its mission before asking them to report fraud, waste, and abuse. This change in phrasing, with an improved, clearer explanation of the SIGAR organization, has had the outcome of positive and supportive comments as demonstrated by the latest Pashto ad.

These numbers, detailed in Table 2.2 represent a remarkable achievement in exposing SIGAR’s mission within Afghanistan’s Pashto-speaking community. The results of prior Dari and English-language postings showed similarly excellent results and extensive reach.

Since the Hotline began using Facebook, SIGAR has processed in excess of 120 Hotline complaints, due in large part to the increased exposure via social media.

In addition, the Hotline is in the initial planning stages of another project intended to increase awareness and exposure of the SIGAR mission along with Hotline information. The project will entail distributing SIGAR informational summaries in Dari, similar to the summary in Pashto posted to Facebook, but in a hard-copy handbill style. The handbills will be distributed in Kabul at high-traffic locations during a five-day trial period using hired Afghan nationals. This project is a low-risk opportunity with the potential for high-value return.

Also in the planning stages is a project utilizing billboards to inform Afghan citizens of SIGAR’s mission and invite them to report instances of corruption, fraud, waste, and abuse. Through these programs using Pashto and Dari, SIGAR is increasing the scope of awareness about the Hotline and is promoting greater vigilance in the detection and reporting of waste, fraud, and abuse in the Afghanistan reconstruction efforts, which ultimately benefits the American taxpayer.
TABLE 2.2

<table>
<thead>
<tr>
<th>Language</th>
<th>Month Posted to Facebook</th>
<th>Likes Count</th>
<th>Percentage Increase</th>
<th>Shares Count</th>
<th>Percentage Increase</th>
<th>Reach Count</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dari</td>
<td>June 2014</td>
<td>10,485</td>
<td>318%</td>
<td>159</td>
<td>119%</td>
<td>250,000</td>
<td>112%</td>
</tr>
<tr>
<td></td>
<td>July 2015</td>
<td>43,831</td>
<td></td>
<td>349</td>
<td></td>
<td>529,920</td>
<td></td>
</tr>
<tr>
<td>English</td>
<td>May 2014</td>
<td>4,493</td>
<td>532%</td>
<td>83</td>
<td>2%</td>
<td>136,356</td>
<td>125%</td>
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<tr>
<td></td>
<td>May 2015</td>
<td>28,385</td>
<td></td>
<td>85</td>
<td></td>
<td>306,304</td>
<td></td>
</tr>
<tr>
<td>Pashto</td>
<td>May 2014</td>
<td>6,549</td>
<td>644%</td>
<td>143</td>
<td>90%</td>
<td>213,824</td>
<td>222%</td>
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<tr>
<td></td>
<td>September 2015</td>
<td>48,718</td>
<td></td>
<td>272</td>
<td></td>
<td>687,465</td>
<td></td>
</tr>
</tbody>
</table>

Note: * “Reach” is Facebook’s term for the number of people who have seen a post displayed.

Source: SIGAR Investigations Directorate, 10/5/2015.

This Pashto advertisement was created and posted to Facebook as part of SIGAR’s hotline outreach.
From March until November 2011, Pudenz lobbied U.S. government officials in person and via email on behalf of his Afghan employer. His lobbying efforts were tied to the same contracts he had administered as a U.S. Air Force officer in 2010. In return, his Afghan employer agreed to pay him $500,000 per year, of which $250,000 was paid up front upon Pudenz’s arrival in Afghanistan. Pudenz repeatedly and falsely told U.S. government contracting officials that he had been given “safe harbor” by military lawyers, permitting him to represent his Afghan employer, and on several occasions Pudenz gained unlawful entry to U.S. military compounds by falsely telling security guards he was still on active duty with the U.S. military and that he was still a U.S. contracting official.

SIGAR, the Defense Criminal Investigative Service (DCIS), Air Force Office of Special Investigation (AFOSI), the Army Criminal Investigative Division (CID), and the Federal Bureau of Investigation (FBI) jointly investigated this case.

**U.S. Navy Reserve Members Receive Admiral’s Mast for Dereliction in Duties**

On June 27, 2012, at a culvert along Highway 1 in Ghazni Province, Afghanistan, an improvised explosive device (IED) detonated, wounding four U.S. Army soldiers. On July 18, 2012, at the same culvert, an IED explosion killed two U.S. Army soldiers and wounded two more.

Culverts are structures that allow water to flow under a road. They are large enough for insurgents to plant IEDs under the highway, necessitating the installation of culvert-denial systems (CDS) in the form of metal bars. In August 2012, an investigation was initiated after the lead engineer on the Provincial Reconstruction Team in Ghazni Province reported that two Afghan contractors were suspected of having committed fraud on separate U.S. government contracts to install the CDSs along Highway 1 in Ghazni Province.

The Afghan Mercury Construction Company (AMCC) was awarded one of the contracts to install 125 CDSs in January 2011. United States Navy Reserve Lieutenant Commander Matthew J. Cook, one of the contracting officer representatives (COR) for AMCC, authorized 75% of the $361,689 payments to AMCC for performance on the contract. Muneeb Brothers Construction Company (MBCC), was awarded one of the contracts to install 125 CDSs in January 2011. U.S. Navy Reserve Lieutenant Commander Michael J. Cernuska was the COR for MBCC. He authorized MBCC to receive full payments of $541,360 for performance on the contract.

A subsequent survey of the CDSs on Highway 1 identified a large number of unprotected culverts in Ghazni Province. As the CORs, Cook and Cernuska had a duty to verify that AMCC and MBCC performed the technical and management requirements of the contract in accordance with the contract terms, conditions, and specifications. Cook and Cernuska
had the duty to notify the contracting officers in writing of unsatisfactory performance and/or deficiencies. Both AMCC and MBCC’s submissions for payment had deficiencies that should have been evident to Cook and Cernuska. These deficiencies included the use of the same photograph for different CDS installation sites; CDS site global positioning system coordinates that, in many cases, were miles away from the culvert intended for CDS placement; submitting less than the four photographs required by the contract; photographs of CDS installations that unequivocally failed to meet contract specifications. Despite these deficiencies, Cook and Cernuska failed to notify the contracting officers as required, and approved AMCC and MBCC’s submissions for payment.

On April 7, 2015, Cook received an Article 32 hearing for violation of Article 92, Uniform Code of Military Justice, Dereliction of Duty. On July 9, 2014, Cook received an Admiral’s Mast for violation of Article 92 and was issued a punitive letter of reprimand for being derelict in his duties in that he negligently failed to monitor day-to-day administration of a contract.

On July 9, 2015, Cernuska received an Admiral’s Mast for violation of Article 92, Uniform Code of Military Justice, Dereliction of Duty. Cernuska received a punitive letter of reprimand for being derelict in his duties in that he negligently failed to monitor the day-to-day administration of a contract.

**Two U.S. Military Members Plead Guilty to Bribery**

On July 2, 2015, in the United States District Court, Western District of Kentucky, U.S. Army Sergeant First Class Ramiro Pena pled guilty to a one-count criminal information charging him with conspiracy to receive and accept illegal bribes by a public official.

On September 18, 2015, in the United States District Court, Northern District of Florida, U.S. Navy Retired Senior Chief Petty Officer Donald P. Bunch entered a guilty plea to a one-count criminal information charging him with receiving and accepting illegal bribes by a public official.

Both individuals were subjects of a bribery investigation focusing on Afghan contractors paying bribes to U.S. military personnel in return for government contracts associated with the Humanitarian Aid Yard (HA Yard) at Bagram Airfield (BAF) in Afghanistan. The HA Yard functions as a storage facility for large quantities of clothing, food, school supplies, and other items available to military units in support of humanitarian aid for the Afghan people. The HA Yard, through the Commander’s Emergency Response Program, enables U.S. military commanders to respond to urgent humanitarian relief needs.

Pena was project purchasing officer at the HA Yard and accepted approximately $100,000 in illegal bribes and a Rolex watch worth approximately $25,000 from Afghan vendors. Pena sent approximately $22,000 of the bribe money home in greeting cards addressed to his wife, who resided at Fort...
Campbell. He would send three to four bills totaling $300 to $400 in each card at a time so as to not bring attention to the envelope at the post office. Further, Pena used bribe money to purchase a Harley-Davidson motorcycle and to pay his and his family’s personal expenses.

Bunch, in his position as a yard boss at HA Yard, accepted approximately $25,000 in illegal bribes from Afghan vendors to ensure the successful approval and processing of contracts to restock supplies at the HA Yard. Like Pena, Bunch sent most of the money home to his wife in greeting cards. The couple used the money for a house they were having constructed.

**Contracting Officer Pleads Guilty**

On July 31, 2015, in the Northern District of Alabama, Teresa Mayberry pled guilty to charges of obstruction of a federal audit for conduct arising from her efforts to obstruct an audit by the Department of Defense Office of Inspector General (DOD IG). The audit was of the overhaul and purchase of Mi-17 helicopters for the Afghan Air Force.

An investigation was initiated on August 15, 2013, upon receipt of a SIGAR hotline complaint from an individual who requested confidentiality. The investigation concerned an illicit relationship between the Non-Standard Rotary Wing Aircraft (NSRWA) Program office at Redstone Arsenal and two contractors: Avia Baltika (AVB) and MD Helicopters Inc. (MDHI).

In late 2011 and 2012, DOD IG audited contracts involving the overhaul of Russian-made Mi-17 helicopters and the purchase of spare parts amounting to over $8 million. The purpose for the audit was to determine whether the U.S. Army paid reasonable prices for the parts, the parts were necessary, and the proper contracting procedures were followed.

Teresa Mayberry, a contracting officer at NSRWA, approved the parts contract on behalf of the U.S. government and had a key role in its implementation. Throughout the course of the audit, DOD IG made several requests to Mayberry for contracting documents used to justify the decisions made in purchasing the spare parts. Mayberry prepared, and directed her subordinates to prepare, a variety of false and backdated documents, which she then provided to DOD IG in response to its requests.

The investigation of Mayberry and other subjects involved in this matter was complex, involving more than 150 interviews, 137 federal grand jury subpoenas, the execution of four email search warrants, e-discovery utilization, and the review of at least 500,000 documents. The investigation was jointly conducted by SIGAR, the FBI, DCIS, and CID.

**Investigation Yields over $7.4 Million Savings for the U.S. Government**

A SIGAR investigation and independent audits resulted in the termination of the Civilian Technical Assistance Program (CTAP) and a $7,445,950 savings to the U.S. government.
CTAP was primarily a USAID-funded program, managed by the Afghan Ministry of Finance. The purpose of CTAP was to hire and place expert technical advisors in various Afghan government ministries and departments. Once in place, the advisors were to help build the capacity of these government agencies through the mentoring of senior personnel. Approximately $36 million was expended by CTAP over the five-year life of the program. Information developed by a SIGAR investigation, as well as independent audits, confirmed allegations of nepotism in the program. As a result, USAID terminated CTAP on July 31, 2015, withheld $7,445,950 in committed funds, and declined to provide future funds.

**Bribery Investigation Results in the Conviction of U.S. Contractor**

On September 8, 2015, in the Eastern District of Texas, George E. Green pled guilty to the receipt of bribes and conspiracy to structure financial transactions to avoid currency reporting requirements. The plea agreement provided that Green would receive a sentence of 46 months' incarceration and forfeit $51,000, the amount of the bribe proceeds he received.

The investigation was initiated after USAID received allegations that Green, an employee of International Relief and Development Inc. (IRD), had solicited and received kickbacks in exchange for contract awards for the USAID Southern Regional Agriculture Development program, with a contract value of $65 million. An Afghan employee of IRD wired $20,000 to Green’s U.S. bank account and several Afghan contractors wired a combined total of $25,000 to Green’s bank account and to an antique-auto dealer in Italy. Green bought $16,000 in jewelry in Dubai as a means to launder money and arranged for his wife to transport over $30,000 to the United States from Italy upon her return from their vacation.

SIGAR was involved in every aspect of the investigation, which included 19 federal grand jury subpoenas, 23 interviews, four e-mail search warrants, and a physical search warrant of Green’s residence, as well as forensic computer examinations.

**U.S. Military Member Sentenced for Conspiracy and Bribery**

On September 22, 2015, in U.S. District Court, Northern District of California, former U.S. Army Specialist Anthony D. Tran was sentenced to 30 months’ confinement and was ordered to pay $69,000 in restitution, as well as a mandatory assessment fee of $100. He was ordered to forfeit $11,437 and his 2009 Honda Accord, valued at $8,563. Additionally, Tran will be on supervised release for three years upon completion of his sentence. On June 9, 2015, Tran pled guilty to one count of bribery of a public official.

After reports of missing fuel at Forward Operating Base Gardez, SIGAR initiated the investigation of coconspirators Tran, Sergeant First Class James E. Norris, Sergeant Seneca D. Hampton, and one other individual.
On September 29, 2015, U.S. Army Sergeant First Class Jeffery B. Edmondson, former U.S. Army Sergeant Christopher Ciampa, former U.S. Army Sergeant Emmanuel Lugo, and former U.S. Army Staff Sergeant Geoffrey K. Montague were sentenced by U.S. District Judge Terrence W. Boyle in the Eastern District of North Carolina for their involvement in a bribery and fuel-theft conspiracy scheme while deployed in Afghanistan.

Each of the four conspirators previously pled guilty to one count of conspiracy and one count of bribery. For his role in the scheme, Edmondson was sentenced to eight years in federal prison and ordered to pay restitution in the amount of $7,499,200.

Ciampa was sentenced to 10 years in federal prison and ordered to pay $10,353,000 in restitution.

Montague was sentenced to five years in federal prison and ordered to pay $7,499,200.

Lugo was sentenced to four years in federal prison and ordered to pay $1,296,000 in restitution. All four conspirators paid a special assessment of $200, and will serve three years of supervised release following their respective periods of incarceration.

The four conspirators deployed to Afghanistan in 2011–2012 with the U.S. Army 3rd Special Forces Group Service Detachment, a unit based out of Fort Bragg, North Carolina. All were assigned to Camp Brown on Kandahar Air Field (KAF), where their duties included oversight of transportation requests for fuel, water, and other supplies to support U.S. military units operating across southern Afghanistan. The transportation movement requests (TMRs) are fulfilled by various Afghan trucking companies under contract.

Upon arrival in Afghanistan in February 2011, Edmondson, the senior ranking member of the group, appointed Ciampa to oversee the TMR process and trained Ciampa in the details of the planned criminal conspiracy. Lugo and Montague joined the scheme later in the deployment; Montague was senior to Ciampa and Lugo, and Lugo assumed Ciampa’s role of overseeing the TMR process in August 2011.

As part of the scheme, the conspirators falsified TMRs to reflect that a U.S. military unit in the field had requested a fuel shipment, when in fact it had not. The falsified TMR designated a specific Afghan trucking contractor that was conspiring with the four military conspirators to complete the fake TMRs. Drivers for the Afghan company used the falsified TMRs at fuel depots on KAF to load 10,000-gallon fuel trucks, drive the trucks off the base, and sell the stolen fuel on the black market. The trucking company paid the four soldiers for the official acts of falsifying the TMRs and also for falsely certifying that the stolen fuel had been successfully delivered to legitimate military units. In addition to the value of the lost fuel, the United States also paid fraudulent freight charges for the movement of the stolen fuel.

From February 2011 through December 2011, the conspiracy caused the loss of at least 114 10,000-gallon truckloads of stolen fuel. The resulting loss to the U.S. government was $8,661,000 in stolen-fuel costs and $1,692,000 in fraudulent freight charges.

The investigation was conducted by SIGAR, CID, DCIS, and the FBI.
The investigation confirmed a total loss of 59,000 gallons of fuel valued at $600,000. The four individuals were identified as having been involved in a bribery scheme in connection with the fuel loss.

Tran admitted to accepting approximately $20,000 in illegal bribes from an Afghan driver in exchange for permitting the driver to steal approximately 12,000 gallons of fuel from the base. Tran admitted to shipping the bribery proceeds concealed in personal effects that he sent to the United States and to using the currency to purchase a Dodge Challenger vehicle. Additionally, Tran admitted receiving cash from Hampton in exchange for not reporting the criminal activities to authorities.

As previously reported, coconspirators Norris and Hampton admitted to accepting approximately $2,000 per day from local Afghan drivers in exchange for permitting the drivers to take thousands of gallons of fuel from the base. Both individuals shipped the bribery proceeds to the U.S. by concealing them in their personal effects. Both Norris and Hampton admitted purchasing expensive vehicles with the cash derived from the bribery scheme. The vehicles were subsequently forfeited as part of their plea agreements.

**U.S. Army Reserve Staff Sergeant Pleads Guilty to Bulk Cash Smuggling and Theft of Government Property**

On July 15, 2015, in the District of Puerto Rico, Luis Ramon Casellas pled guilty to three counts of bulk cash smuggling and one count of theft of government property. The plea includes an admission to smuggling $113,050 and theft of $6,302 in government property while serving with the U.S. Army in Afghanistan.

In April 2013, Casellas was deployed by the Army to KAF. As part of his duties, Casellas was responsible for helping to break down smaller bases in preparation for the withdrawal of U.S. military forces from Afghanistan. These duties included retrieving U.S. government property for future use and selling unsuitable material as scrap to Afghan contractors. Between June 17 and August 9, 2013, Casellas was the leader of a three-person Army team that went to a forward operating base to help break down that base. While at the base, Casellas stole tools and equipment, including laptops, belonging to DOD. In July 2013, he sent approximately eight boxes from the base to his wife in Puerto Rico. The boxes contained some of the stolen property and undeclared U.S. currency totaling $50,500.

Additionally, in August 2013, Casellas sent two boxes from KAF to his wife that were marked as “gifts for family.” In connection to his plea, Casellas admitted that, although he declared that the items inside the boxes were valued at $700 and $400, respectively, one box contained some of the stolen government property as well as $41,750 in U.S. currency, while the other box contained $20,800 in U.S. currency. These boxes were intercepted by U.S. Customs in Louisville, Kentucky.
U.S. Army Sergeant First Class
Sentenced for Receipt of Gratuities

On September 29, 2015, U.S. Army Sergeant First Class Robert Warren Green, of the 82nd Sustainment Brigade based out of Fort Bragg, North Carolina, was sentenced by U.S. District Judge Terrence W. Boyle in the Eastern District of North Carolina, stemming from his earlier plea of guilty to demanding, seeking, and receiving unlawful gratuities while deployed in Afghanistan. Judge Boyle sentenced Green to serve 10 months in federal prison and ordered Green to forfeit $45,000 in illegal proceeds. Following his incarceration, Green will serve one year of supervised release.

While serving in Afghanistan in 2008–2009, then-Staff Sergeant Green sought and received cash payments totaling $150,000 from Afghan trucking contractors seeking transportation contracts with the U.S. government. Following receipt of payment, Green caused at least 40 transportation contracts totaling at least $3 million to be awarded to the Afghan contractors who paid him. Green sent his illegal proceeds to the U.S. in packages shipped to his wife and he smuggled cash into the U.S. in a footlocker upon his return from deployment. In addition to the cash proceeds, Green accepted rugs, jewelry, and trinkets from the Afghan contractors.

Suspensions and Debarments

This quarter, SIGAR’s suspension and debarment program referred 18 individuals and 12 companies for suspension or debarment based on evidence developed as part of investigations conducted by SIGAR in Afghanistan and the United States. Three of these individuals were referred for suspension based upon criminal charges being filed against them based on misconduct related to or affecting reconstruction contracting in Afghanistan. These referrals bring the total number of individuals and companies referred by SIGAR since 2008 to 680, encompassing 361 individuals and 319 companies to date, see Figure 2.2.

As of the end of September 2015, the efforts of SIGAR to utilize suspension and debarment to address fraud, corruption, and poor performance in Afghanistan have resulted in a total of 127 suspensions, 366 finalized debarments, and 28 special entity designations of individuals and companies engaged in U.S.-funded reconstruction projects. Since the initiation of the program, an additional 14 individuals and companies have entered into administrative compliance agreements with the government in lieu of exclusion from contracting. During the fourth quarter of 2015, SIGAR’s referrals resulted in 22 suspensions and 23 finalized debarments of individuals and entities by agency suspension and debarment officials.

Suspensions and debarments are an important tool for ensuring that agencies award contracts only to responsible entities. SIGAR’s program addresses three challenges posed by U.S. policy and the contingency...
contracting environment in Afghanistan: the need to act quickly, the limited U.S. jurisdiction over Afghan nationals and Afghan companies, and the vetting challenges inherent in the use of multiple tiers of subcontractors. SIGAR continues to look for ways to enhance the government’s responses to these challenges through the innovative use of information resources and investigative assets both in Afghanistan and the United States. SIGAR makes referrals for suspensions and debarments—actions taken by U.S. agencies to exclude companies or individuals from receiving federal contracts or assistance because of misconduct—based on completed investigations that SIGAR participates in.

In most cases, SIGAR’s referrals occur in the absence of acceptance of an allegation for criminal prosecution or remedial action by a contracting office and are therefore the primary remedy to address contractor misconduct. In making referrals to agencies, SIGAR provides the basis for a suspension or debarment decision by the agency as well as all of the supporting documentation needed for an agency to support that decision should it be challenged by the contractor at issue. Based on the evolving nature of the contracting environment in Afghanistan and the available evidence of contractor misconduct and/or poor performance, on occasion SIGAR has found it necessary to refer individuals or companies on multiple occasions for consideration by agency suspension and debarment officials.
SIGAR OVERSIGHT ACTIVITIES

SIGAR’s emphasis on suspension and debarment is exemplified by the fact that of the 680 referrals for suspension and debarment that have been made by the agency to date, 653 have been made since the second quarter of 2011. During the 12-month period prior to October 1, 2015, referrals by SIGAR’s suspension and debarment program resulted in the exclusion of 152 individuals and companies from contracting with the government. SIGAR’s referrals over this period represent allegations of theft, fraud, poor performance, financial support to insurgents, and mismanagement as part of reconstruction contracts valued at approximately $762.5 million.

Insurance Company and Owners Debarred Based on the Sale of Fraudulent Insurance Policy to Reconstruction Contractor
On August 27, 2015, the U.S. Army suspension and debarment official debarred Umbrella Insurance Limited Company, Karim Timor, and Khalid Wardak for a period of five years, ending on May 14, 2020, based on allegations of Defense Base Act (DBA) insurance fraud. DBA insurance is workers’ compensation insurance for contractor employees injured while performing public-works contracts overseas and is required by U.S. law. DBA insurance is a cost-reimbursable expense and must be purchased prior to the start of contract performance and remain valid throughout the contract’s performance. A multi-agency investigation, including SIGAR and Army CID’s Major Procurement Fraud Unit, revealed that Umbrella, an insurance broker, sold a nonexistent DBA policy to an Afghan contractor working on a reconstruction contract. This sale of a fraudulent DBA insurance policy placed the Afghan contractor’s employees at risk of having no insurance for injuries sustained in an accident or other mishap connected to their employment on the contract. As a result of this finding, Umbrella Insurance Limited Company, Timor, and Wardak were all referred by the SIGAR’s suspension and debarment program to the Army on March 27, 2015, for debarment.

Contractors Debarred for Theft of Equipment and Vehicles from Kandahar Airfield
On September 24, 2015, Syed Gardazi and Sagara Smarasinghage were debarred by the U.S. Army suspension and debarment official as a result of a referral by SIGAR alleging that both had participated in the theft of $257,322 worth of vehicles and equipment from a storage yard at KAF operated by Skylink Aviation.

Based on an investigation conducted by SIGAR, it was determined that on November 28, 2014, Gardazi and Smarasinghage, then working as contractor employees at KAF, entered the storage yard and removed two diesel forklifts using a Ford semi truck with a 40-foot trailer also located in the yard. Both forklifts, the truck, and trailer were then driven off Kandahar Airfield and were sold to an unknown Afghan by Gardazi and
Smarasinghage. Both subsequently admitted to participating in this theft when confronted by SIGAR investigators and were immediately removed from KAF. As a result of SIGAR’s investigation and referral for debarment, both Gardazi and Smarasinghage were debarred for a period of five years from their date of proposed debarment, ending on May 3, 2020.

Logistics Contractors and Owner Debarred for Misrepresenting Veteran- and Women-Owned Status and for Lack of Financial Responsibility

On July 20, 2015, the U.S. Air Force suspension and debarment official debarred James Michael O’Brien, a.k.a. “James Michael Wienert,” and his companies, Tamerlane Global Services Inc., and Artemis Global Inc., based on a referral made by SIGAR alleging that both Tamerlane Global Services and Artemis Global improperly claimed to be veteran- and woman-owned businesses as part of representations made on the General Services Administration’s System for Award Management and materials promoting the company’s services.

An investigation by SIGAR determined that, based on ownership and control of both companies by O’Brien, an individual who could not claim either status due to the characterization of his discharge from the military as other than honorable, the company’s present responsibility had been called into question. In addition, SIGAR’s investigation determined that O’Brien and Tamerlane were financially irresponsible due to the fact that two default judgements, totaling over $2.1 million had been entered against them in U.S. District Court for failure to pay subcontractors in Afghanistan for the movement of cargo as part of U.S. Transportation Command contracts. Following their proposals for debarment, it was determined that neither O’Brien nor Tamerlane had any intent to satisfy the judgements entered against them, again calling into question their present responsibility as government contractors. Based on these findings, the Air Force debarred O’Brien, Tamerlane Global Services, and Artemis Global for a period of three years from the date of their proposed debarment, ending on April 18, 2018.

OTHER SIGAR OVERSIGHT ACTIVITIES THIS QUARTER

Deputy Inspector General Speaks at Naval Postgraduate School

Deputy Inspector General Aloise spoke on August 25, 2015, at the Naval Postgraduate School about the fraud, waste, and abuse that has occurred from the beginning of the Afghanistan reconstruction effort. Aloise highlighted SIGAR’s role in overseeing the historic $110 billion investment of U.S. taxpayer money spent in Afghanistan, and explained what makes the agency unique. The Deputy Inspector General detailed the three areas
SIGAR has pinpointed as critical for reconstruction success in Afghanistan as well as future reconstruction operations: project management, progress measurement, and civilian-military relations. As part of the way forward, Aloise called on senior officials in the audience to heed the lessons learned reports being produced by SIGAR, and to consider a list of seven key questions to answer when presented with a reconstruction project in a future operation.

**Special Inspector General Speaks at Georgetown University's School of Foreign Service**
On September 10, 2015, Special Inspector General Sopko spoke at Georgetown University’s School of Foreign Service about the need for evidence-based policymaking and honestly assessing the reconstruction in Afghanistan. Sopko emphasized the importance of considering the end goal before setting baselines; setting realistic, measurable baselines; and making policy decisions based on honestly measured results. The Special Inspector General provided examples from SIGAR’s work—including reviews of CERP and USAID health programs—to illustrate the evidence-based policymaking process he described.

**Special Inspector General Speaks at the George C. Marshall European Center for Security Studies**
Special Inspector General Sopko spoke at the Senior Executive Seminar’s Session on 21st Century Converging Threats: Nexus of Terrorism, Drugs, and Illicit Trafficking on September 16, 2015. Sopko provided an overview of SIGAR’s mission and work before delving into an assessment of the counternarcotics effort in Afghanistan. In the speech, Sopko detailed the rampant narcotics cultivation and use in Afghanistan, despite the approximately $8.2 billion spent by the United States from 2002 to mid-September 2015 on counternarcotics efforts. Sopko concluded with a call for revised counternarcotics strategies and vigorous oversight.

**Special Inspector General Speaks at the Royal United Services Institute**
On September 22, 2015, Special Inspector General Sopko spoke at the Royal United Services Institute about SIGAR’s mission, discussing its similarities to and differences from the United Kingdom’s Independent Commission for Aid Impact, as well as to other oversight agencies. Sopko also described the work SIGAR has done and detailed the obstacles the reconstruction effort in Afghanistan faces, including the seven high-risk areas articulated in the agency’s December 2014 *High-Risk List*. The Special Inspector General concluded by highlighting areas of opportunity and SIGAR’s commitment to continue its rigorous oversight.
Special Inspector General Speaks at Princeton’s Woodrow Wilson School of Public and International Affairs

Special Inspector General Sopko spoke on October 6, 2015, at Princeton’s Woodrow Wilson School of Public and International Affairs on the importance of doing a better job of foreign aid and reconstruction in failed states and post-conflict environments. Sopko discussed SIGAR’s mission and work, as well as the concept and importance of aid conditionality. The speech also highlighted possible mechanisms for, problems with, and ways to develop smart conditionality.

Deputy Inspector General Speaks at the University of Denver’s Korbel School of International Studies

Deputy Inspector General Aloise spoke at the University of Denver’s Korbel School of International Studies on September 28, 2015. Aloise provided an overview of SIGAR’s mission and work, and echoed Special Inspector General Sopko’s message on the importance of evidence-based policymaking.

SIGAR Conducts Peer Review of the Office of Personnel Management

From May 12 to September 22, 2015, SIGAR conducted an external peer review of the Office of Personnel Management, Office of Inspector General. The peer review was conducted in accordance with Generally Accepted Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency guidance.
SIGAR Participates in Annual Afghan Arts and Culture Festival

On October 4, 2015, SIGAR participated in the annual Afghan Arts and Culture Festival held in Rosslyn, Virginia. SIGAR hosted a booth featuring SIGAR publications and handouts in Dari and English. SIGAR personnel staffed the booth and provided information to attendees, including handouts featuring hotline and Facebook contact information for SIGAR. Many of the event’s 2,500 to 3,000 attendees stopped by the SIGAR booth.

SIGAR Receives Four CIGIE Awards

On October 22, 2015, SIGAR staff received four awards from the Council of the Inspectors General on Integrity and Efficiency (CIGIE). One SIGAR team was honored with the Sentner Award for Dedication and Courage in recognition of courage, uncommon selflessness, and dedication to duty in conducting audit and investigative work in a kinetic environment to support the Afghan government in developing revenue collection capability leading to long-term sustainability. Another team of SIGAR staff accepted the Award for Excellence in Investigation in recognition of outstanding achievement in successfully mitigating fraud related to nearly a billion dollar Afghan fuel contract, resulting in immediate action by the Afghan president and saving over $200 million of U.S. government funds. A SIGAR special agent also received the Award for Excellence in Investigation (in conjunction with 10 investigators from other agencies) in recognition of...
successfully conducting a joint investigation, leading to the recovery of $31.5 million to the U.S. government due to false billings and overcharges for Afghan goods. A third SIGAR team was given the Award for Excellence-Special Act in recognition of extraordinary initiative in identifying gaps in financial audit coverage of Afghanistan reconstruction contracts, resulting in potential recoveries exceeding $100 million of U.S. government funds.

SIGAR BUDGET
SIGAR is funded through the Consolidated and Further Continuing Appropriations Act, 2016. The funding level of $56.9 million (the same as FY 2015) runs through December 11, 2015. The budget supports SIGAR’s oversight activities and products by funding SIGAR’s (1) Audits and Inspections, (2) Investigations, (3) Management and Support, and (4) Research and Analysis directorates, as well as the Special Projects Team and the Lesson Learned Program.

SIGAR STAFF
SIGAR’s staff count remained steady since the last report to Congress, with 193 employees on board at the end of the quarter. At the end of the quarter, 31 SIGAR employees were at the U.S. Embassy Kabul and three others were at Bagram Airfield. SIGAR employed seven local Afghans in its Kabul office to support the Investigations and Audits directorates. In addition, SIGAR supplements its resident staff with personnel assigned to short-term temporary duty in Afghanistan. This quarter, SIGAR had 12 employees on temporary duty in Afghanistan for a total of 114 days.
“I remain concerned about the long-term viability of the ANDSF. Succinctly, Afghanistan cannot afford its security forces—particularly at their present size. Yet their current numbers are needed to contend with the scale of the threat.”

—U.S. Army General John F. Campbell
3 RECONSTRUCTION UPDATE
RECONSTRUCTION UPDATE CONTENTS

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Photo on previous page
Afghan National Army corps commander Brigadier General Dawood Shah Wafadar, left, greets U.S. Army Brigadier General Paul Bontrager before taking a battlefield-familiarization flight over key terrain in southern Afghanistan. (Resolute Support photo by Lieutenant Colonel Bill Coppernoll)
RECONSTRUCTION UPDATE

OVERVIEW
President Obama announced on October 15, 2015, that the United States will cease withdrawing U.S. troops from Afghanistan through most of 2016 and keep thousands in the country through the end of his term in 2017. President Obama said U.S. forces will continue to perform two critical missions—training Afghan forces, and supporting counterterrorism operations against al-Qaeda.

In a major setback for the Afghan government, the Taliban this quarter temporarily seized the northern city of Kunduz on September 28. It was the group’s first capture of a provincial capital since Coalition forces began operations in Afghanistan in 2001. The Afghan National Defense and Security Forces (ANDSF) retook the city within two weeks with U.S. forces providing close-air support to troops clearing the city. However, one of those airstrikes hit a Doctors Without Borders trauma center, killing at least 22 people, including medical staff and patients. President Obama apologized to the president of Doctors Without Borders and said the United States would examine its military procedures. U.S. Forces-Afghanistan (USFOR-A) and Resolute Support (RS) commander General John F. Campbell has pledged a thorough, objective, and transparent U.S. investigation of the incident. However, the president of Doctors Without Borders continued to call for a fact-finding mission under the Geneva Convention.

On September 5, international donors met with Afghan government officials in Kabul for the second Senior Officials Meeting (SOM) to refresh mutual-accountability measures agreed upon at the 2012 donors’ meeting in Tokyo. Delegations from 41 countries and 11 international agencies along with ministers and senior officials of the Afghan government and representatives of Afghan civil society and the private sector attended the SOM. As a result of the SOM, the Tokyo Mutual Accountability Framework (TMAF) has now transitioned to the Self-Reliance through Mutual Accountability Framework (SMAF). The SMAF will now guide the activities of the Afghan government and the international community at least to the end of the term of the present government.

Despite hopeful steps last quarter, reconciliation efforts stalled following an internal power struggle within the Taliban after the confirmation
that Taliban leader Mullah Mohammad Omar had died in 2013 and after subsequent Taliban attacks in Kabul, Kunduz, and elsewhere. Further complicating the peace effort, bilateral relations between Afghanistan and Pakistan deteriorated despite Pakistan’s previously constructive role as the host for the July 7 talks. As General Campbell observed, “for every two steps forward in [Afghanistan-Pakistan] relations, another is seemingly taken backwards.”

Afghanistan’s economy did not recover in 2015 as the World Bank had predicted. The World Bank now projects real GDP to grow 1.9% and to remain sluggish over the medium term. Afghanistan is experiencing deflation, which may be a result of declining demand due to the reduced international troop presence and lower levels of foreign aid.

Although domestic revenues in the first eight months of fiscal year (FY) 1394 increased about 13% above the same period in FY 1393, and overall expenditures remained flat, there has been little progress in closing the considerable gap between revenues and expenditures. Revenues paid for less than half (39%) of total budget expenditures so far, with donor contributions making up the difference. An Afghanistan Ministry of Finance (MOF) mid-year budget review showed an expected gap of around $165 million, after donor grants, primarily in the development budget, which covers capital projects. The fiscal gap could widen or shrink,
depending on variables, but Afghanistan is expected to require substantial donor aid for the foreseeable future.

President Ashraf Ghani in October signed Afghanistan’s new counter-narcotics strategy for the next five years, the National Drug Action Plan (NDAP). The United States has committed $350 million for the Afghan counternarcotics effort, including implementation and support of the plan. However, the U.S. track record in combating narcotics production in Afghanistan is not encouraging. U.S. spending on counternarcotics since 2002 already exceeds $8 billion, yet Afghanistan remains the world’s leading producer of opium.

The United Nations Office on Drugs and Crime (UNODC) reported this quarter that opium production decreased 48% this year compared to last year. The drop would be significant, but UNODC cautions that its reporting methodology changed between 2014 and 2015, possibly “making the extent of changes appear greater than it actually was.”

As of September 30, 2015, approximately $109.6 billion had been appropriated for Afghanistan relief and reconstruction since 2002. Nearly $92.3 billion of this total was appropriated for the seven major reconstruction funds, and approximately $8.9 billion remained in the pipeline for potential disbursement.
## Status of Funds Contents

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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 September 30, 2015, the United States had appropriated approximately $109.62 billion for relief and reconstruction in Afghanistan since fiscal year (FY) 2002. This total has been allocated as follows:

- $65.04 billion for security ($4.43 billion for counternarcotics initiatives)
- $31.79 billion for governance and development ($3.96 billion for counternarcotics initiatives)
- $2.92 billion for humanitarian aid
- $9.87 billion for civilian operations

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)

<table>
<thead>
<tr>
<th>AGENCIES</th>
<th>ASFF</th>
<th>CERP</th>
<th>AIF</th>
<th>TFBSO</th>
<th>DOD CN</th>
<th>ESF</th>
<th>INCLE</th>
<th>Other</th>
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</thead>
<tbody>
<tr>
<td>Department of Defense (DOD)</td>
<td>$69.02</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>USAID</td>
<td>$18.60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>Department of State (State)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>$4.69</td>
<td></td>
<td></td>
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<tr>
<td>Distributed to Multiple Agencies</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$17.32</td>
<td></td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded.

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

The amount provided to the seven major U.S. funds represents more than 84.2% (nearly $92.31 billion) of total reconstruction assistance in Afghanistan since FY 2002. Of this amount, nearly 92.1% (nearly $85.01 billion) has been obligated, and nearly 85.7% (more than $79.10 billion) has been disbursed. An estimated $4.28 billion of the amount appropriated these funds has expired.

Figure 3.2
CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF SEPTEMBER 30, 2015 ($ BILLIONS)

U.S. RECONSTRUCTION FUNDING FOR AFGHANISTAN
As of September 30, 2015, cumulative appropriations for relief and reconstruction in Afghanistan totaled approximately $109.62 billion, as shown in Figure 3.2. This total can be divided into four major categories of reconstruction funding: security, governance and development, humanitarian, and oversight and operations. Approximately $8.40 billion of these funds support counternarcotics initiatives which crosscut both the security ($4.43 billion) and governance and development ($3.96 billion) categories. For complete information regarding U.S. appropriations, see Appendix B.

The Consolidated and Further Continuing Appropriations Act, 2015, provided an additional $6.35 billion for FY 2015, as shown in Figure 3.3. Security remains the largest appropriation category. Appropriations to train, equip, and support the Afghan National Defense and Security Forces (ANDSF) make up more than all other categories of reconstruction funding combined—more than 64.7% of FY 2015 funding.
The United States aims to channel at least 50% of its development assistance on-budget to the Government of Afghanistan.\(^1\) This assistance is provided either directly to Afghan government entities or via contributions to multilateral trust funds that also support the Afghan government’s budget.\(^2\) Since 2002, the United States has provided nearly $9.59 billion in on-budget assistance. This includes about $5.52 billion to Afghan government ministries and institutions, and nearly $4.07 billion to three multinational trust funds—the World Bank’s Afghanistan Reconstruction Trust Fund (ARTF), the United Nations Development Programme’s Law and Order Trust Fund (LOTFA), and the Asian Development Bank’s Afghanistan Infrastructure Trust Fund (AITF). Table 3.1 shows U.S. on-budget assistance disbursed to the Afghan government and multilateral trust funds.

**FIGURE 3.3**

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Security</th>
<th>Governance/Development</th>
<th>Humanitarian</th>
<th>Civilian Operations</th>
<th>Total</th>
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<td></td>
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<td></td>
<td></td>
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<td>2009</td>
<td></td>
<td>$10.51</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td>$16.71</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td>$15.86</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2012</td>
<td></td>
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<td>2013</td>
<td></td>
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<td>2014</td>
<td></td>
<td>$6.81</td>
<td></td>
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</tr>
<tr>
<td>2015</td>
<td></td>
<td>$6.35</td>
<td></td>
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</tbody>
</table>

Note: Numbers have been rounded. DOD reprogrammed $1 billion from FY 2011 ASF. DOD reprogrammed $1 billion from FY 2012 ASF. Pub. L. 113-235 rescinded $1 billion from FY 2012 ASF. DOD reprogrammed $178 million from FY 2013 ASF. Pub. L. 113-235 rescinded $764.38 million from FY 2014 ASF. DOD transferred $101 million from FY 2011 AIF, $179.5 million from FY 2013 AIF, and $55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.

**TABLE 3.1**

**U.S. ON-BUDGET ASSISTANCE TO AFGHANISTAN, SINCE 2002 ($ MILLIONS)**

<table>
<thead>
<tr>
<th>Government-to-Government</th>
<th>Amount ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOD</td>
<td>4,946</td>
</tr>
<tr>
<td>State</td>
<td>92</td>
</tr>
<tr>
<td>USAID</td>
<td>485</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Multilateral Trust Funds</th>
<th>Amount ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOTFA</td>
<td>1,527</td>
</tr>
<tr>
<td>ARTF</td>
<td>2,433</td>
</tr>
<tr>
<td>AITF</td>
<td>105</td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded. Figures reflect amounts the United States has disbursed in on-budget assistance to Afghan government entities and multilateral trust funds. As of September 30, 2015, USAID has obligated approximately $1.3 billion for government-to-government assistance.

Source: DOD, response to SIGAR data call, 6/25/2015; USAID, response to SIGAR data call, 10/13/2015; World Bank, ARTF Administrator’s Report on Financial Status as of August 22, 2015 (end of 8th month of FY 1394), p. 5; UNDP, response to SIGAR data call, 10/19/2015.
AFGHANISTAN RECONSTRUCTION FUNDING PIPELINE

Since 2002, Congress has appropriated nearly $109.62 billion for Afghanistan relief and reconstruction. Of this amount, $92.31 billion (84.2%) was appropriated to the seven major reconstruction funds, as shown in Table 3.3.

As of September 30, 2015, approximately $8.93 billion of the amount appropriated to the seven major reconstruction funds remained for possible disbursement, as shown in Figure 3.4. These funds will be used to train, equip, and sustain the ANDSF; complete on-going, large-scale infrastructure projects, such as those funded by the AIF and ESF; combat narcotics production and trafficking; and advance the rule of law, strengthen the justice sector, and promote human rights.

On December 16, 2014, President Obama signed the Consolidated and Further Continuing Appropriations Act, 2015, funding the U.S. government for the rest of the fiscal year and providing an additional $5.20 billion to four of the seven major funds, as shown in Table 3.2 in the margin. The AIF and TFBSO received no additional funding for new projects. As of September 30, 2015, more than $2.17 billion of FY 2015 funding had been obligated and more than $1.93 billion of that amount had been disbursed. Nearly all of this activity was from ASFF.
Congress appropriated more than $8.08 billion to the seven major reconstruction funds for FY 2013. Of that amount, nearly $1.88 billion remained for possible disbursement, as of September 30, 2015, as shown in Table 3.4 and Figure 3.5.

Table 3.4

<table>
<thead>
<tr>
<th>FY 2013 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED ($ MILLIONS)</th>
<th>Appropriated</th>
<th>Obligated</th>
<th>Disbursed</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASF</td>
<td>$4,946.20</td>
<td>$4,802.34</td>
<td>$4,650.60</td>
<td>$151.74</td>
</tr>
<tr>
<td>CERP</td>
<td>200.00</td>
<td>42.07</td>
<td>37.24</td>
<td>4.84</td>
</tr>
<tr>
<td>AIF</td>
<td>145.50</td>
<td>124.31</td>
<td>75.51</td>
<td>48.80</td>
</tr>
<tr>
<td>TFBSO</td>
<td>138.20</td>
<td>130.57</td>
<td>101.98</td>
<td>28.59</td>
</tr>
<tr>
<td>DOD CN</td>
<td>255.81</td>
<td>255.81</td>
<td>255.81</td>
<td>0.00</td>
</tr>
<tr>
<td>ESF</td>
<td>1,802.65</td>
<td>1,737.64</td>
<td>435.09</td>
<td>1,302.54</td>
</tr>
<tr>
<td>INCLE</td>
<td>593.81</td>
<td>579.87</td>
<td>239.02</td>
<td>340.85</td>
</tr>
<tr>
<td><strong>Total 7 Major Funds</strong></td>
<td><strong>$8,082.17</strong></td>
<td><strong>$7,672.60</strong></td>
<td><strong>$5,795.25</strong></td>
<td><strong>$1,877.36</strong></td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately $410 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 10/20/2015.

Congress appropriated nearly $5.63 billion to the seven major reconstruction funds for FY 2014. Of that amount, almost $1.49 billion remained for possible disbursement, as of September 30, 2015, as shown in Table 3.5 and Figure 3.6.

Table 3.5

<table>
<thead>
<tr>
<th>FY 2014 AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED ($ MILLIONS)</th>
<th>Appropriated</th>
<th>Obligated</th>
<th>Disbursed</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASF</td>
<td>$3,962.34</td>
<td>$3,962.34</td>
<td>$3,666.04</td>
<td>$296.31</td>
</tr>
<tr>
<td>CERP</td>
<td>30.00</td>
<td>6.62</td>
<td>6.44</td>
<td>0.19</td>
</tr>
<tr>
<td>AIF</td>
<td>144.00</td>
<td>132.91</td>
<td>3.87</td>
<td>129.04</td>
</tr>
<tr>
<td>TFBSO</td>
<td>122.24</td>
<td>106.82</td>
<td>84.92</td>
<td>21.90</td>
</tr>
<tr>
<td>DOD CN</td>
<td>238.96</td>
<td>238.96</td>
<td>238.96</td>
<td>0.00</td>
</tr>
<tr>
<td>ESF</td>
<td>907.00</td>
<td>836.13</td>
<td>1.16</td>
<td>834.96</td>
</tr>
<tr>
<td>INCLE</td>
<td>225.00</td>
<td>224.75</td>
<td>19.79</td>
<td>204.96</td>
</tr>
<tr>
<td><strong>Total 7 Major Funds</strong></td>
<td><strong>$5,629.54</strong></td>
<td><strong>$5,508.53</strong></td>
<td><strong>$4,021.17</strong></td>
<td><strong>$1,487.36</strong></td>
</tr>
</tbody>
</table>

Note: Numbers have been rounded. Amount remaining reflects the total disbursement potential of the seven major reconstruction funds after deducting approximately $121 million that expired before being obligated. Obligated and disbursed DOD CN funds reflect amounts transferred to the military services and defense agencies to be spent for Afghanistan. Figures reflect transfers, rescissions, and reprogramming activity to date.

Source: SIGAR, analysis of appropriating legislation and quarterly obligation and disbursement data provided by DOD, State, and USAID, 10/20/2015.
AFGHANISTAN SECURITY FORCES FUND

The Congress created the ASFF to provide the ANDSF with equipment, supplies, services, training, and funding, as well as facility and infrastructure repair, renovation, and construction. The primary organization responsible for building the ANDSF is the Combined Security Transition Command-Afghanistan. A financial and activity plan must be approved by the Afghanistan Resources Oversight Council (AROC) before ASFF funds may be obligated.

The Consolidated and Further Continuing Appropriations Act, 2015, appropriated nearly $4.11 billion for the ASFF for FY 2015, increasing total cumulative funding to more than $60.67 billion. As of September 30, 2015, nearly $56.92 billion of total ASFF funding had been obligated, of which nearly $55.79 billion had been disbursed. Figure 3.7 displays the amounts made available for the ASFF by fiscal year.

DOD reported that cumulative obligations increased by nearly $1.77 billion over the quarter, and cumulative disbursements increased by nearly $2.31 billion. Figure 3.8 provides a cumulative comparison of amounts made available, obligated, and disbursed for the ASFF.

**ASFF FUNDS TERMINOLOGY**

- **Appropriations**: Total monies available for commitments
- **Obligations**: Commitments to pay monies
- **Disbursements**: Monies that have been expended


---

**FIGURE 3.7**

ASFF APPROPRIATED FUNDS BY FISCAL YEAR

($ BILLIONS)

**FIGURE 3.8**

ASFF FUNDS, CUMULATIVE COMPARISON

($ BILLIONS)

Note: 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 Pub. L. No. 113-6.
- **c** DOD reprogrammed $178 million of FY 2013 ASFF.
- **d** $764.38 million of FY 2014 ASFF was rescinded in Pub. L. No. 113-235.

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 subactivity groups: Infrastructure, Equipment and Transportation, Training and Operations, and Sustainment. The AROC must approve the requirement and acquisition plan for any service requirements in excess of $50 million annually and any non-standard equipment requirement in excess of $100 million.

As of September 30, 2015, DOD had disbursed nearly $55.79 billion for ANDSF initiatives. Of this amount, nearly $37.34 billion was disbursed for the ANA, and nearly $18.06 billion was disbursed for the ANP; the remaining $392.25 million was directed to related activities.

As shown in Figure 3.9, the largest portion of the funds disbursed for the ANA—nearly $15.36 billion—supported ANA troop sustainment. Of the funds disbursed for the ANP, the largest portion—more than $7.37 billion—also supported sustainment of ANP forces, as shown in Figure 3.10.

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**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

**Subactivity Groups:** accounting groups that break down the command’s disbursements into functional areas

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**Note:** Numbers have been rounded.

COMMANDER’S EMERGENCY RESPONSE PROGRAM

The 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.13 CERP-funded projects may not exceed $2 million each.14

The Consolidated and Further Continuing Appropriations Act, 2015, appropriated $10 million for CERP, increasing total cumulative funding to nearly $3.68 billion.15 Of this amount, DOD reported that more than $2.28 billion had been obligated, of which nearly $2.27 billion had been disbursed as of September 30, 2015.16 Figure 3.11 shows CERP appropriations by fiscal year, and Figure 3.12 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for CERP projects.

Figure 3.11

CERP APPROPRIATIONS BY FISCAL YEAR

Figure 3.12

CERP FUNDS, CUMULATIVE COMPARISON

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

AFGHANISTAN INFRASTRUCTURE FUND

The AIF was established in FY 2011 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. The AIF received appropriations from FY 2011 through FY 2014. DOD did not request funds for the AIF for FY 2015. Each AIF-funded project is required to have a plan for its sustainment and a description of how it supports the counter-insurgency strategy in Afghanistan.\textsuperscript{17}

The AIF received cumulative appropriations of over $1.32 billion; however, $335.50 million of these funds were transferred to the Economic Support Fund (ESF) for USAID’s power transmission lines projects, bringing the cumulative amount remaining in the AIF to $988.50 million.\textsuperscript{18} Figure 3.13 shows AIF appropriations by fiscal year.

As of September 30, 2015, nearly $793.18 million of total AIF funding had been obligated. Although the AIF will not receive additional funding, many AIF projects are still in progress—40% of obligated AIF funds and over 99% of the funds transferred to the ESF remain to be disbursed.\textsuperscript{19} Only $475.87 million of AIF funds had been disbursed, as shown in Figure 3.14.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{fig3_13.png}
\caption{AIF Appropriations by Fiscal Year ($ Millions)}
\end{figure}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{fig3_14.png}
\caption{AIF Funds, Cumulative Comparison ($ Millions)}
\end{figure}

Note: Numbers have been rounded. A $55 million transfer from AIF to ESF resulted in a lower appropriated figure than reported last quarter. Updated data resulted in a lower obligated figure than reported last quarter. Data reflects the following transfers from AIF to USAID’s Economic Support Fund: $101 million for FY 2011, $179.5 million for FY 2013, and $55 million for FY 2014.

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


TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS

In 2010, the 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 authorities expired on December 31, 2014, and the TFBSO concluded its operations on March 31, 2015. TFBSO projects included activities intended to facilitate private investment, industrial development, banking and financial system development, agricultural diversification and revitalization, and energy development.20

Although DOD was not authorized additional funding for TFBSO projects in the National Defense Authorization Act, 2015, the TFBSO did continue to receive a nominal amount of funding from the Operations and Maintenance, Army, account for costs associated with administrative shutdown.21 Through September 30, 2015, the TFBSO had been appropriated more than $822.85 million since FY 2009. Of this amount, more than $758.79 million had been obligated and nearly $638.54 million had been disbursed.22 Figure 3.15 displays the amounts appropriated for TFBSO by fiscal year, and Figure 3.16 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for the TFBSO and its projects.

Figure 3.15
TFBSO APPROPRIATIONS BY FISCAL YEAR
($ MILLIONS)

$250
$200
$150
$100
$50
$0

Figure 3.16
TFBSO FUNDS, CUMULATIVE COMPARISON
($ MILLIONS)

$1,000
$800
$600
$400
$200
$0
Appropriated
$822.85
Obligated
$765.78
Disbursed
$612.53

As of Jun 30, 2015

As of Sep 30, 2015

Note: Numbers have been rounded. Updated data resulted in a lower obligated figure than reported last quarter. Of the $822.85 million appropriated the TFBSO, $366.05 million was from the Operations and Maintenance, Army, account to pay for the sustainment of U.S. assets, civilian employees, travel, security, and other operational costs; all FY 2015 funding was from this account.

DOD DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES

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.23

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.24

Last quarter, DOD reported that DOD CN funds appropriated for FY 2015 would not be executed this fiscal year due to a significant reduction in operational requirements. These funds were reprogrammed to resource other DOD requirements. The reprogramming activity reduced cumulative appropriations for the DOD CN to $2.86 billion, all of which had been transferred to the military services and defense agencies for DOD CN projects, as of September 30, 2015.25 Figure 3.17 shows DOD CN appropriations by fiscal year, and Figure 3.18 provides a cumulative comparison of amounts appropriated and transferred from the DOD CN CTA.

Note: Numbers have been rounded. Prior-year adjustments are done periodically to reflect deobligation and/or realignment of multi-year procurement funding. DOD reprogrammed $125.13 million out of FY 2015 DOD CN due to several requirements for the Afghanistan Special Mission Wing being funded from the ASFF instead of DOD CN.

ECONOMIC SUPPORT FUND

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

The ESF was appropriated $831.90 million for FY 2015, bringing cumulative funding to nearly $18.60 billion, including amounts transferred from the AIF to the ESF for USAID’s power transmission lines projects. Of this amount, more than $17.06 billion had been obligated, of which nearly $13.54 billion had been disbursed.27 Figure 3.19 shows ESF appropriations by fiscal year.

USAID reported that cumulative obligations as of September 30, 2015, increased by nearly $946.24 million and cumulative disbursements increased by more than $197.40 million from the amounts reported last quarter.28 Figure 3.20 provides a cumulative comparison of the amounts appropriated, obligated, and disbursed for ESF programs.

FIGURE 3.19

ESF APPROPRIATIONS BY FISCAL YEAR
($ BILLIONS)

FIGURE 3.20

ESF FUNDS, CUMULATIVE COMPARISON
($ BILLIONS)

Note: Numbers have been rounded. Data reflects the following transfers from AIF to the ESF: $101 million for FY 2011, $179.5 million for FY 2013, and $55 million for FY 2014. FY 2015 funding was reduced from an anticipated $900 million to $831.9 million during the 653(a) congressional consultation process.


Source: USAID, response to SIGAR data calls, 10/13/2015 and 7/16/2015; State, response to SIGAR data calls, 10/20/2015, 4/15/2015 and 4/15/2014.
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 INCLE account. INCLE supports several INL program groups, including police, counter-narcotics, and rule of law and justice.29

State reported that INCLE was appropriated $250 million for FY 2015, bringing cumulative funding for INCLE to more than $4.69 billion. Of this amount, more than $4.33 billion had been obligated, of which, nearly $3.54 billion had been disbursed.30 Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of September 30, 2015, increased by more than $211.40 million compared to cumulative obligations as of June 30, 2015. Cumulative disbursements as of September 30, 2015, increased by nearly $83.83 million over cumulative disbursements as of June 30, 2015.31 Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.

FIGURE 3.21

INCLE APPROPRIATIONS BY FISCAL YEAR
($ MILLIONS)

$800

$600

$400

$200

$0

03 05 07 09 11 13 15

FIGURE 3.22

INCLE FUNDS, CUMULATIVe COMPARISON
($ BILLIONS)

$5

$4

$3

$2

$1

$0

As of Jun 30, 2015

As of Sep 30, 2015

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

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, 10/13/2015 and 7/14/2015.

State reported that INCLE was appropriated $250 million for FY 2015, bringing cumulative funding for INCLE to more than $4.69 billion. Of this amount, more than $4.33 billion had been obligated, of which, nearly $3.54 billion had been disbursed.30 Figure 3.21 shows INCLE appropriations by fiscal year.

State reported that cumulative obligations as of September 30, 2015, increased by more than $211.40 million compared to cumulative obligations as of June 30, 2015. Cumulative disbursements as of September 30, 2015, increased by nearly $83.83 million over cumulative disbursements as of June 30, 2015.31 Figure 3.22 provides a cumulative comparison of amounts appropriated, obligated, and disbursed for INCLE.

FIGURE 3.21

INCLE APPROPRIATIONS BY FISCAL YEAR
($ MILLIONS)

$800

$600

$400

$200

$0

03 05 07 09 11 13 15

FIGURE 3.22

INCLE FUNDS, CUMULATIVe COMPARISON
($ BILLIONS)

$5

$4

$3

$2

$1

$0

As of Jun 30, 2015

As of Sep 30, 2015

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

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, 10/13/2015 and 7/14/2015.
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 ARTF and the LOTFA.\textsuperscript{32}

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 August 22, 2015, the World Bank reported that 34 donors had pledged more than $9.02 billion, of which more than $8.28 billion had been paid in.\textsuperscript{33} According to the World Bank, donors had pledged nearly $1.09 billion to the ARTF for Afghan fiscal year 1394, which runs from December 22, 2014 to December 21, 2015.\textsuperscript{34} Figure 3.23 shows the ten largest donors to the ARTF for FY 1394.

FIGURE 3.23

ARTF CONTRIBUTIONS FOR FY 1394 BY DONOR, AS OF AUGUST 22, 2015 ($ MILLIONS)

Note: Numbers have been rounded. FY 1394 = 12/22/2014–12/21/2015.

As of August 22, 2015, the United States had pledged more than $2.78 billion and paid in more than $2.43 billion since 2002.\textsuperscript{35} The United States and the United Kingdom are the two biggest donors to the ARTF, together contributing more than 47% of its total funding, as shown in Figure 3.24.

Contributions to the ARTF are divided into two funding channels—the Recurrent Cost (RC) Window and the Investment Window.\textsuperscript{36} As of August 22, 2015, according to the World Bank, nearly $3.52 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.\textsuperscript{37} 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.\textsuperscript{38}

The Investment Window supports the costs of development programs. As of August 22, 2015, according to the World Bank, more than $4.10 billion had been committed for projects funded through the Investment Window, of which more than $3.06 billion had been disbursed. The World Bank reported 19 active projects with a combined commitment value of nearly $2.77 billion, of which nearly $1.73 billion had been disbursed.\textsuperscript{39}

**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.\textsuperscript{40} Since 2002, donors have pledged more than $4.32 billion to the LOTFA, of which more than $4.07 billion had been paid in, as of October 15, 2015.\textsuperscript{41} As of October 15, 2015, the United States had committed nearly $1.53 billion since the fund’s inception and had paid in all of the commitment.\textsuperscript{42} Figure 3.25 shows the four largest donors to the LOTFA since 2002.

The LOTFA’s seventh support phase began on January 1, 2015, and ended on June 30, 2015. The phase had a total budget of $293.07 million. At the end of the phase, approximately $223.48 million had been expended to cover ANP and Central Prisons Directorate staff remunerations. Aside from payroll and related expenses, $4.94 million had been expended on various capacity building initiatives, and $1.74 million went toward the UNDP’s Programme Management Unit.\textsuperscript{43}

The LOTFA’s eighth phase began on July 1, 2015. The phase has an initial estimated budget of $883.56 million and is planned to run through December 31, 2016.\textsuperscript{44}
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</table>
SECURITY

As of September 30, 2015, the U.S. Congress had appropriated more than $65 billion to provide assistance to the Afghan National Defense and Security Forces (ANDSF). This accounts for 59.3% of all U.S. reconstruction funding in Afghanistan since FY 2002. Congress established the Afghanistan Security Forces Fund (ASFF) to build, equip, train, and sustain the ANDSF, which comprises all security forces under the Ministry of Defense (MOD) and the Ministry of Interior (MOI). Most U.S.-provided funds were channeled through the ASFF and obligated by either the Combined Security Transition Command-Afghanistan (CSTC-A) or the Defense Security Cooperation Agency. Of the $60.7 billion appropriated for the ASFF, $56.9 billion had been obligated and $55.8 billion disbursed, as of September 30, 2015.45

This section discusses assessments of the Afghan National Army (ANA) and Afghan National Police (ANP) and of the Ministries of Defense and Interior; gives an overview of how U.S. funds are used to build, equip, train, and sustain the Afghan security forces; and provides an update on efforts to combat the cultivation of and commerce in illicit narcotics in Afghanistan.

KEY ISSUES AND EVENTS THIS QUARTER

President Obama Halts U.S. Troop Withdrawal
On October 15, 2015, President Obama announced that the United States will cease withdrawing U.S. troops from Afghanistan through most of 2016 and keep thousands in the country through the end of his term in January 2017. President Obama said U.S. forces will continue to perform two critical missions—training Afghan forces and supporting counterterrorism operations against al-Qaeda.46 He said the United States will:47

• through most of 2016, maintain the current level of 9,800 U.S. troops in Afghanistan
• in 2017, reduce to 5,500 troops stationed in Kabul and at a small number of bases including Bagram, Jalalabad, and Kandahar
• work with NATO and the Coalition to align the U.S. troop presence in accomplishing the two missions
• continue to support Afghan President Ashraf Ghani and the national-unity government as they pursue critical reforms
The Obama Administration’s original plan had been to cut the number of U.S. troops in half next year and then reduce the U.S. force to about 1,000 troops based only at U.S. Embassy Kabul by the start of 2017. However, President Obama said the security situation in key areas of Afghanistan remains very fragile, with risk of deterioration in some areas.48 His decision followed consultations with his national security team, Congress, and international partners, and also took into consideration requests for continued U.S. support from President Ghani.49 The cost of the larger force is projected at approximately $15 billion a year, about $5 billion more than the 1,000-person, Kabul-based force would have cost.50

The Capture of Kunduz
In a major setback for the Afghan government, the Taliban this quarter temporarily seized a provincial capital for the first time since Coalition forces began operations in Afghanistan in 2001. In the early hours of Monday, September 28, 2015, Taliban fighters appeared in the center of Kunduz, a city of more than 300,000 in northern Afghanistan and, by some measures, Afghanistan’s fifth-largest city.51 During the attack, insurgents captured the governor’s compound and police headquarters. They also released inmates from the local jail and occupied a local hospital. Residents reported the looting of the local United Nations (UN) office, the Afghan intelligence agency’s office, two radio stations, and car dealerships, as well as an attack on a bank.52 Electricity and phone service were reportedly down throughout most of the city, and there were reports of executions.53

Testifying before the Senate Armed Services Committee on October 6, 2015, General John F. Campbell, commander of U.S. Forces-Afghanistan (USFOR-A) and the Resolute Support (RS) mission, said Afghan army units were largely deployed outside of Kunduz at the time of the attack, so the Taliban, who attacked from within the city, were initially engaging police units. As regular and special-forces troops were, at the time of his testimony, still clearing the city of small, isolated pockets of insurgents, the full implications of the fall of Kunduz remained unclear.54 However, in his testimony, General Campbell said “poor leadership” played a role in the Afghan police’s inability to hold Kunduz: “I go back to leadership and leadership makes a difference. In areas that they have had problems, I think leadership has been the key.”55

According to media reports, the ANDSF’s effort to retake the city was slowed by ambushes and roadside bombs.56 U.S. forces provided close-air support to ANDSF troops clearing the city. However, one of those airstrikes hit a Doctors Without Borders trauma center, killing at least 22 people, including medical staff and patients.57 The president of Doctors Without Borders called for what would be a first-ever fact-finding mission to be launched under the applicable Geneva Convention protocol.58 In addition, the United Nations Assistance Mission in Afghanistan (UNAMA)
One of the most important questions facing Afghanistan has long been whether the Afghan National Defense and Security Forces (ANDSF) can maintain security following the U.S. and Coalition military drawdown.

On September 28, 2015, Taliban fighters took control of Kunduz, a northern city of more than 300,000 people, forcing the ANDSF to retreat. The ANDSF retook the city within two weeks, but important questions remain.

Will this happen again? And could it happen in Kabul? General John F. Campbell told a Senate committee on October 6 that the Taliban “will not overthrow the Afghan government.” Despite events in Kunduz, his statement appears accurate. The ANDSF have so far protected national-level government institutions. But SIGAR is concerned that if insurgents repeatedly draw Afghan army troops outside cities, then stage dramatic, if temporary, successes against police units, the cumulative impact on ANDSF morale and popular support of the Afghan government could be as adverse as defeats in main-force battles.

U.S. national-security strategy in Afghanistan aims to deny the Taliban the ability to overthrow the government and to strengthen the capacity of Afghanistan’s security forces. To achieve these and other goals, the United States has provided more than $65 billion to build, train, equip, and sustain the ANDSF. SIGAR carefully tracks this funding and how it is used. However, much of what SIGAR tracks is quantitative and does not address intangible factors such as leadership and the will to fight. The ANDSF have more tools at their disposal than their enemies, but that fact by itself does not guarantee success. As Campbell has told the ANDSF, “The Taliban don’t have D-30 howitzers, it doesn’t have [reconnaissance aircraft], it doesn’t have Mi-35s, Mi-17s, MD-530 helicopters. It doesn’t have up-armored Humvees.” Yet the Taliban can still fight.

SIGAR and other organizations have long voiced concern about the ANDSF’s capability to counter the threats facing them in the foreseeable future. For example:

- In June 2010, SIGAR found that army and police units deemed capable of operating independently later showed significant levels of backsliding in their capability levels. This was due, in part, to the fact that once a unit achieved a top rating, Coalition forces withdrew assistance such as force protection, supplies, or expertise.
- In July 2012, the Government Accountability Office (GAO) raised concerns that changing the title of the highest rating level an ANDSF unit could attain—from “independent” to “independent with advisors”—was, in part, responsible for an increase in the number of units rated at the highest level.
- In January 2014, the nonprofit Center for Naval Analyses (CNA) predicted that the insurgency will be a greater threat in 2015 due to the reduction in NATO forces. CNA accurately forecasted that the Taliban would keep pressure on the ANDSF, encircle key cities, and conduct high-profile attacks in Kabul and other cities.
- In February 2014, SIGAR repeated that the assessment tool used to rate the ANDSF was inconsistently applied and not useful. A new assessment tool was created that provided brigade-level assessments, but after October 2014, that level of detail was classified by the International Security Assistance Force (ISAF).
- In December 2014, SIGAR included ANDSF capabilities in its High-Risk List calling attention to areas susceptible to waste, fraud, and abuse.
- Earlier this year SIGAR published two audits reporting that there is no assurance that ANDSF personnel and payroll data are accurate.
- This quarter SIGAR released an audit showing that the Afghan Local Police lacked adequate logistics support, oversight, and planning.
- This quarter the U.S. military told SIGAR that its current assessment tool was “not intended to be used as an assessment or evaluation the entire ANDSF.” This raises questions about the U.S. ability to determine ANDSF effectiveness at an operational level.

General Joseph Dunford warned in March 2014, “If we leave at the end of 2014, the Afghan security forces will begin to deteriorate. The security environment will begin to deteriorate, and I think the only debate is the pace of that deterioration.” The situation in Kunduz warrants close monitoring and may call for a reassessment of the tools used to measure Afghan force capabilities and the security outlook.
announced they are reviewing the Kunduz incident and will report to the Afghan government and the NATO-led RS mission on their findings and recommendations to protect civilians.\(^7\) On October 7, 2015, President Obama apologized to the president of Doctors Without Borders for the air attack on their facility and said the United States would examine its military procedures.\(^7\) The Afghan government pledged cooperation with a full and transparent investigation.\(^7\) General Campbell has pledged a thorough, objective, and transparent U.S. investigation of the incident. He also directed a review of the U.S. forces’ operational authorities and rules of engagement and force-wide training for U.S. personnel in targeting authorities and rules of engagement.\(^7\)

The Taliban attack on Kunduz did not come as a complete surprise. The head of the provincial council reported local officials warning for months of insurgents advancing in the area.\(^7\) Twice this year insurgents had encroached into Kunduz.\(^7\) The UN reported on July 2, 2015, that the Doctors Without Borders hospital in Kunduz was temporarily closed after Afghan security forces raided the hospital and allegedly threatened medical staff while searching for insurgents reportedly being treated there.\(^7\) According to one account, insurgents had been amassing arms and ammunition in the city for weeks before the assault.\(^7\) On August 13, 2015, General Wilson Shoffner, RS deputy chief of staff for communications, said the ANA corps operating in the north was stretched so thin that another brigade was added and another deputy brigade commander assigned.\(^7\)

On October 9, 2015, an Afghan government spokesman reported the majority of Kunduz City was again under government control, though pockets of resistance remained and skirmishes erupted as security forces performed a house-by-house search.\(^7\) On October 13, 2015, the Taliban announced their complete withdrawal from the city, 15 days after they entered it.\(^8\)

**General Campbell Testifies to Congress**

During the week of October 5, 2015, General Campbell testified before the Senate Armed Services Committee and the House Armed Services Committee on the situation in Afghanistan.\(^8\) General Campbell recommended that President Barack Obama revise his original plan of reducing the U.S. troop presence to a Kabul-based embassy presence by the end of 2016.\(^8\) Campbell said much had changed since that plan was formulated in mid-2014, such as the rise of the Islamic State of Iraq and the Levant (ISIL), an increased al-Qaeda presence in Afghanistan due to Pakistani military operations, and the emergence of a new Afghan national-unity government that is willing to work with the United States. He said the U.S. military would have a very limited ability to carry out its train-advise-and-assist and counterterrorism missions with only an embassy presence of about 1,000 in Kabul.\(^8\)
Despite the recent fall of Kunduz, Campbell said he believes the Taliban will not overthrow the Afghan government, and any action toward peaceful reconciliation will take a “good couple months.” He classified the ISIL presence as an operational emergency, with reports of ISIL in at least 25 provinces, but predominantly in Nangarhar. Within the context of a “very, very tough” fighting season, he said the ANDSF has remained intact and resilient, a creditable performance for a young force severely tested. General Campbell admitted the ANDSF has faltered at times, but said they continue to evolve, improve, and fight hard in spite of increased casualties.

General Campbell said the enemies of Afghanistan, including the Taliban, al-Qaeda, the Haqqani Network, ISIL, and other extremist groups, will present formidable challenges for the remainder of 2015 and beyond. He concluded that the United States needs to exercise strategic patience and sustain its commitment to Afghanistan.

Taliban Leadership Changes
In late July, Afghan officials announced that Taliban leader Mullah Mohammed Omar had died in 2013 in a Pakistan hospital. The Taliban later admitted they withheld announcing his death in order to maintain solidarity in the fight against the United States and Afghanistan. The news resulted in a divisive struggle among various factions before a new leader, Mullah Akhtar Mansoor, was recognized. Planned peace talks were cancelled.

A former DOD official told Pajhwok Afghan News that he believed a few people at the Pakistani intelligence agency knew of Mullah Omar’s death but withheld the information in order to better control the Taliban. Former Deputy Assistant Secretary of Defense David Sedney added that in 2010, Pakistan had no interest in peace talks and had imprisoned approximately 40–50 Taliban members who were open to them.

ANDSF Members Sexually Abusing Boys
This quarter the New York Times reported that U.S. forces had been instructed to ignore the rape of young boys by ANDSF members. In response to the report, President Ghani called for action to remove those ANDSF members violating children from the security forces and to charge them in the courts. He said the sexual abuse of boys will not be tolerated, although he acknowledged that “the larger cultural dynamic needs time” since the Afghan custom of bacha bazi is centuries old. In his testimony to the Senate Armed Services Committee on October 6, 2015, General Campbell said the incidents cited in the New York Times article dated from 2010–2012. He said there is no U.S. policy to ignore such acts of sexual abuse, and that a policy in place since at least 2011 requires U.S. service members to report all suspected human-rights violations to their chain of command, who will then report them to the Afghan authorities.

Bacha Bazi: literally translates to “playing with boys,” and encompasses the ancient Afghan custom of powerful men sexually abusing young boys. The Taliban made the practice punishable by death, but bacha bazi has been resurrected since the fall of the Taliban. Under the practice, young boys, also known as ‘chai (tea) boys’ are sold to wealthy and powerful men for entertainment and illicit sex. As women are not allowed to dance in public, boys are made to dance and perform feminine gestures and acts. Boys have been raped, kidnapped, trafficked, and even sold by their parents for family prestige and money. Reports that bacha bazi is evolving into a nonviolent and consensual practice do not recognize that adolescent boys have not reached the age of consent.
September 22, 2015, General Campbell issued a statement for U.S. and non-U.S. personnel assigned to the RS mission to immediately report suspicions of sexual abuse to the chain of command.96

Senator Patrick Leahy (D-VT) condemned the reported sexual abuse, saying it violated a provision of U.S. law, the Leahy Amendment.97 However, CSTC-A reported this quarter that both the MOI and MOD are making sufficient progress to date with regard to the Leahy Amendment. CSTC-A said it routinely performs Leahy vetting for all individuals slated to attend U.S.-funded training, but did not state if any individuals had been rejected due to Leahy violations. CSTC-A stated it would enforce any decisions made by the Secretary of Defense to deny equipment or funds to ANDSF units found in violation of the Leahy Amendment.98

A spokesman for RS told the Times that allegations of child sexual abuse by Afghan military or police personnel would be a matter for Afghan domestic law enforcement. While sexual assault is addressed in Afghan law, there is no specific provision with regard to bacha bazi (sexual abuse of boys is not the totality of bacha bazi). The Afghanistan Independent Human Rights Commission (AIHRC) has recommended the government criminalize the practice and modify the penal code based on provisions in the Universal Declaration of Human Rights and other human-rights conventions.99

UN Reports Conflict Intensity Shows no Signs of Abating
The intensity of conflict in Afghanistan shows no signs of abating and the security environment has become more fragile and dynamic, according to UNAMA.100

The UN recorded 6,096 security incidents from May 1, 2015, through July 31, 2015, a 4.6% decrease compared to the same period in 2014 during the second round of the presidential election.101 The count included 291 assassinations and attempted assassinations, an increase of 11.4% compared to the same period in 2014.102 The UN reported armed clashes (53%) continued to account for the majority of the incidents, together with improvised-explosive device (IED) events (26%) accounting for 79% of all security incidents.103

While more security incidents were reported than last quarter, as reflected in Figure 3.26, there were more days in the latest reporting period, resulting in the incidents-per-day average being slightly lower this period compared to last quarter.104 The UN said the majority of the incidents were reported in the southern and eastern regions, with Kandahar, Nangarhar, Ghazni, Helmand, and Kunar enduring 44.5% of all security incidents.105

The UN reported that the period was marked by antigovernment elements’ efforts to capture and hold district centers in a number of provinces. Of the 364 districts in Afghanistan, seven district centers were captured, a significantly larger number than in previous years, with five recaptured by the ANDSF during the reporting period.106

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**Leahy Amendment:** Commonly known by the name of its Senate sponsor, section 826 of the National Defense Appropriations Act of 2013, Pub. L. 112-239, provides that CSTC-A cannot use U.S. funds for any training, equipment, or other assistance for members of an ANDSF unit if the U.S. Secretary of Defense has credible information that the unit has committed a “gross violation of human rights.”


**Security Incidents:** reported incidents that include armed clashes, improvised explosive devices, targeted killings, abductions, suicide attacks, criminal acts, and intimidation. Reported incidents are not necessarily actual incidents.

Civilians continue to endure most of the attacks; from May 1 through July 31, UNAMA documented 2,985 civilian casualties (934 killed and 2,051 injured). The UN reported August 7, 2015, to have been the deadliest day since UNAMA began tracking civilian casualties in 2009, with 355 civilian casualties (42 deaths and 313 injured). UNAMA attributed a 78% increase in civilian casualties to antigovernment elements from suicide and complex attacks in the first half of 2015.

MOD Continues Without a Confirmed Minister for Over One Year

The MOD has been without a confirmed minister since September 29, 2014, when Ghani was sworn in as president. On July 4, 2015, the Afghan parliament rejected President Ghani’s third nominee for minister of defense, Masoom Stanekzai, who has been serving in an acting capacity since May. The second nominee for minister of defense withdrew his nomination on April 8, 2015, before the parliament scheduled the vote. Ghani had nominated General Mohammad Afzal Ludin, a military advisor in the National Security Council, on April 6. However, General Ludin said he did not wish his nomination to prove divisive for the country. Earlier,
Afghan parliamentarians rejected Ghani’s nomination of then ANA chief of staff General Sher Mohammad Karimi to lead the country’s military forces in January.114

DOD to Review USFOR-A Inputs to SIGAR
This quarter DOD informed SIGAR that DOD will receive, review, and incorporate responses to comments made on SIGAR’s quarterly report drafts by the U.S. Central Command (CENTCOM), including USFOR-A and CSTC-A, before submitting them to SIGAR. In the past SIGAR has received CENTCOM’s comments on its drafts as the command judged appropriate. SIGAR is concerned that receiving consolidated submissions will reduce the informational value from the original CENTCOM submissions, and will monitor the impacts of the change.115

U.S. FORCES IN AFGHANISTAN
According to USFOR-A, approximately 8,550 U.S. forces were serving in Afghanistan as of August 22, 2015, with approximately 7,000 personnel from other Coalition nations also serving.116 Of the U.S. forces serving in Afghanistan, approximately 3,550 are assigned to the RS mission.117

Since the RS mission began on January 1, 2015, 11 U.S. military personnel were killed in action and 50 U.S. military personnel wounded in action. In addition, 17 DOD civilians or contractors have been killed in service and seven wounded.118 This includes the loss of six U.S. service members and five civilian contractors in the C-130 crash in Jalalabad on October 1, 2015.119
Five insider attacks against U.S. forces have occurred in 2015, killing three soldiers and wounding 15 others. Also during 2015, three U.S. civilian contractors were killed and one has been wounded as a result of an insider attack.120

A Georgian soldier killed on September 22, 2015, brings to 12 the number of foreign forces (including U.S.) killed in Afghanistan since the beginning of the RS mission. The Republic of Georgia is the second-largest force contributor to the NATO-led RS mission after the United States.121

On October 1, 2015, Major General Gordon Davis took over leadership of CSTC-A from Major General Todd Semonite in a change of command ceremony in Kabul.122

**ANDSF STRENGTH DECLINES SLIGHTLY**

This quarter, ANDSF assigned force strength was 324,716 (including civilians), according to USFOR-A. As reflected in Table 3.6, this is 90.2% of the ANDSF target force strength of 360,004, counting MOD civilian employees. (The commonly cited end-strength goal of 352,000 does not count MOD civilians). The new assigned-strength number reflects a decrease of 7,228 since May 2015 and 4,089 since February 2015.123 This quarter the ANA decreased by 342, while the ANP decreased by 6,886, as shown in Table 3.7 on the following page. However, 5,788 of the ANP decrease is due to corrections to the records made following a CSTC-A audit; for more information, see page 108 of this section. SIGAR has long questioned the validity and reliability of Afghan security-personnel numbers for several reasons (see “Questionable ANSF Numbers Thicken Fog of War in Afghanistan” in SIGAR’s April 2015 Quarterly Report to the United States Congress, pages 3–15). Recent reporting of negligible ANA personnel strength decreases during the fighting season and the issues uncovered with ANP personnel strength data show no indication that data is becoming more reliable.

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**TABLE 3.6**

<table>
<thead>
<tr>
<th>ANDSF Component</th>
<th>Approved End-Strength Goal</th>
<th>Target Date</th>
<th>Current Assigned as of July 2015</th>
<th>% of Target Authorization</th>
<th>Difference Between Current Assigned and Approved End-Strength Goals</th>
<th>Difference (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANA including AAF</td>
<td>195,000</td>
<td>December 2014</td>
<td>160,461</td>
<td>82.3%</td>
<td>(34,539)</td>
<td>(17.7%)</td>
</tr>
<tr>
<td>ANA Civilians including AAF Civilians</td>
<td>8,004</td>
<td>-</td>
<td>7,048</td>
<td>88.1%</td>
<td>(956)</td>
<td>(11.9%)</td>
</tr>
<tr>
<td>ANA + AAF Total</td>
<td>203,004</td>
<td>176,420</td>
<td>86.9%</td>
<td>(26,584)</td>
<td>(13.1%)</td>
<td></td>
</tr>
<tr>
<td>Afghan National Police</td>
<td>157,000</td>
<td>February 2013</td>
<td>148,296</td>
<td>94.5%</td>
<td>(8,704)</td>
<td>(5.5%)</td>
</tr>
<tr>
<td>ANDSF Total with Civilians</td>
<td>360,004</td>
<td>324,716</td>
<td>90.2%</td>
<td>(35,288)</td>
<td>(9.8%)</td>
<td></td>
</tr>
</tbody>
</table>

Note: AAF = Afghan Air Force; ANA = Afghan National Army; ANDSF = Afghanistan National Defense and Security Forces.

The ANDSF and AAF detail numbers do not equal the reported ANA-including-AAF total number. Trainee, Transient, Holdie, and Students (TTHS) may represent part or all of the unresolved variance of 8,911 personnel.

This quarter, details of ANDSF force strength at corps level and below remained classified. SIGAR will therefore report on them in a classified annex to this report.

**ANDSF Attrition Holding Steady**

ANDSF attrition rates are holding steady, according to reporting provided to RS by the MOD and MOI. The ANA had a monthly attrition rate of 2.4% in July 2015, up from 2.3% in May; and more than a one percentage-point decrease from the average monthly attrition rates the ANA endured in 2013 of 3.52% and 2014 of 3.62%. The ANP’s monthly average attrition rate was reported to be holding steady at 1.9% from May through July. This quarter USFOR-A reported that RS is no longer tracking a monthly attrition goal. For more information, see page 101 of this section.

**USFOR-A Clarifies MAAR Assessment Process**

During the last two quarters SIGAR reported on the assessments of the ANA, Afghan Uniformed Police (AUP), Afghan Border Police (ABP), and the Operations Coordination Centers-Regional (OCC-Rs) using a new assessment tool, the Monthly ANDSF Assessment Report (MAAR). As with past systems used to assess the ANDSF, SIGAR found the MAAR did not provide a clear picture of ANDSF capability. This quarter USFOR-A informed SIGAR that use of the MAAR as a comprehensive assessment for the ANDSF components is incorrect, as the MAAR differs fundamentally from the prior Regional ANDSF Status Report. USFOR-A gave three reasons:

- The MAAR assesses only the six ANA corps headquarters, six provincial ABP and AUP headquarters, and the ANCOP headquarters, and not ANA or ANP corps, battalions, or lower-level operational units.
- MAAR assessment categories are not weighted equally. Some category ratings contribute more to the overall unit capability than other categories, so unweighted averaging of ratings is not appropriate.
The MAAR assessment process varies over time and among regions, resulting in variations in assessment completeness, reliability, and accuracy, and preventing strictly apples-to-apples comparisons.

USFOR-A reported that training, advising, and assisting is conducted by a small number of advisors at the corps/police-headquarters level who provide input into the MAAR. The MAAR is one of many tools used by RS to direct the efforts of the Coalition trainers and advisors.\textsuperscript{128}

USFOR-A’s response to SIGAR raises a serious concern that the United States does not have a reliable system to actually rate the capability of the ANDSF and, by extension, the effectiveness of the United States’ $65 billion investment to build, train, equip, and sustain them.

Under the circumstances, SIGAR cannot evaluate the progress of ANA corps or police units and their operational capabilities this quarter. In the future, USFOR-A has offered to provide SIGAR an unclassified narrative that provides “a comprehensive assessment.”\textsuperscript{129} It was not clear, why USFOR-A had not previously provided this type of assessment despite SIGAR’s quarterly requests for ANDSF capability assessments. SIGAR, in absence of any other usable or analyzable assessment, will provide the assessment narratives as reported by USFOR-A.

USFOR-A also said the MAAR provided to SIGAR last quarter reflected rating decreases at the headquarters level attributable to the significant stresses of the fighting season. The ANDSF suffered decreases in a number of areas early in the fighting season, but have begun to recover in some areas as they gain experience. Other areas will likely not recover until after the fighting season when the ANDSF have time to reconstitute their forces.\textsuperscript{130}

During his testimony to the Senate Armed Services Committee on October 6, 2015, General Campbell described the fighting in Kunduz and underscored several ANDSF shortcomings: poor intelligence sharing, lack of cross-pillar coordination, and suboptimal use of the forces.\textsuperscript{131} Without the combat power and numbers to protect every part of Afghanistan, he said the ANDSF has difficulty countering the Taliban’s ability to temporarily mass, seize an objective, and then blend back into the population when confronted with an ANDSF counterattack.\textsuperscript{132} The general said the ANDSF needs to improve responsiveness, flexibility, and preparedness of the forces at the tactical and operational levels. He added that ANDSF leaders need to discern better when to take the offense, when to defend, and where to assume risk.\textsuperscript{133} Yet when the ANDSF deliberately plan their operations and coordinate across the security pillars, they achieve results, he said.\textsuperscript{134}

**Measuring Control in Afghanistan**

The UN reported that while the ANDSF retained control in the overwhelming majority of district centers, antigovernment elements and other illegally armed groups continue to intimidate the population in many rural areas.\textsuperscript{135}

“They (ANDSF) do not possess the necessary combat power and numbers to protect every part of the country.”

–General John F. Campbell, RS and USFOR-A commander

Source: Senate Armed Services Committee, Statement of General John F. Campbell, USA, Commander U.S. Forces-Afghanistan before the Senate Armed Services Committee on the Situation in Afghanistan, 10/6/2015.
Areas not assessed to be insurgent safe havens or operating areas are considered to be under Afghan government control.  

RS Lowers Expectations for Ministry of Defense and Ministry of Interior for Second Consecutive Quarter

RS revised its forecasts this quarter as it did last quarter by lowering the expected capacity levels the MOD and MOI will achieve by the end 2016. USFOR-A reported that due to changes in the operating environment, the Essential Function (EF) offices have refocused the plans and reassessed the end-of-mission forecast. RS now forecasts that by the end of its mission in 2016, 69% of MOD functions are expected to be sustaining or fully capable (the highest and second-highest ratings), a drop from the 74% and 90% forecasts in the last two quarters. Similarly lowered expectations were forecast for the MOI, where 57% of functions are predicted to be “sustaining” or “fully capable,” down from previous quarters’ forecasts of 68% and 86%.

Each RS EF directorate and the Gender Affairs office use the Essential Function Plan of Action and Milestones (POAM) to assess the essential-function capabilities of the offices in each ministry. The milestones are assessed based on the five-stage rating system displayed in Table 3.8. Milestone assessments are then combined to determine the overall assessment of that department. All department assessments, in turn, are combined to determine the assessment of the ministry as a whole.

This quarter RS reduced by one the number of milestones required to develop EF-2 (Transparency, Accountability, and Oversight) ministry capacity and core competencies under the assessment process. This reduces the total number of assessment milestones from 46 to 45 for MOD, and from 38 to 37 for MOI.

The five ratings reflect the degree to which Afghan systems are in place, functioning, and being used effectively. The highest rating, “sustaining capability,” indicates an Afghan ministry can perform a specific function without Coalition advising or involvement. As of this quarter, no essential function of either the MOD or MOI had achieved a rating of “sustaining capability,” however, two MOD EF-5 (Sustainment) milestones and four MOI milestones—two in EF-4 (Force Generation) and two in EF-5—have achieved a rating of “fully capable,” as shown in Table 3.8.

This quarter, the RS assessment indicates the MOD has increased the percentage of its “fully capable” and “partially capable” development milestones from 37% last quarter to 55.6%. The MOI also increased its ratings, with 59.5% of its development milestones at “fully capable” or “partially capable” compared to 36.8% last quarter.

According to the current RS assessment, one MOD EF-7 (Intelligence) milestone has remained in the “not scoped” stage for a second consecutive quarter.
Within the MOI, there has been no assessment for EF-8 for the past two quarters. Whereas EF-5 has progressed from eight milestones rated as “partially capable” and four milestones as “initiated,” to two milestones assessed as “fully capable,” nine as “partially capable,” and one as “initiated.”

Within both the MOD and MOI, the Gender Affairs office has progressed with only one of three milestones remaining as “scoped.”

Note: EF = Essential Function; ASI = Afghan Security Institutions; EF-1 = Multi-Year Budgeting and Execution; EF-2 = Transparency, Accountability, and Oversight; EF-3 = Civilian Governance of the ASI; EF-4 = Force Generation; EF-5 = Sustainment; EF-6 = Strategic and Policy, Planning, Resourcing, and Execution; EF-7 = Intelligence; EF-8 = Strategic Communications. Q2 = June 2015; Q3 = August 25, 2015. One EF-2 rating category was dropped for Q3 2015.


quarter.147 And three EF-8 (Strategic Communications) milestones have not reached the “initiated” stage for a second consecutive quarter. However, EF-4 has five of six milestone assessments rated as “partially capable.”146
Essential Functions highlights this period include:\textsuperscript{151}

- **EF-1 (Multi-Year Budgeting and Execution):** MOU to implement the mobile money program for 100% of the ALP by December 2016 was drafted and in review
- **EF-2 (Transparency, Accountability, and Oversight):** MOD approved the Ministerial Internal Controls Program implementation plan
- **EF-3 (Civilian Governance of the ASI):** the MOD Criminal Investigation Division, Inspector General, and Intelligence office agreed to form both a headquarters- and corps-level corruption coordination cell
- **EF-4 (Force Generation):** in conjunction with EF-6, advisor support to the National Security Council in development of the national security policy
- **EF-5 (Sustainment):** coordinated network vulnerability assessments with both MOD and MOI network operations centers and assisted the ANA and ANP with fielding 25 radio repair facilities
- **EF-6 (Strategy and Policy, Planning, Resourcing, and Execution):** advisor support to the National Security Council in development of the national security policy in conjunction with EF-4
- **EF-7 (Intelligence):** creation of intelligence sharing cells for pre-planned ANDSF operations
- **EF-8 (Strategic Communications):** re-initiated recurring Afghan national-level strategic communications working groups for the first time since 2012
- **Gender Office:** implementation of the complaints commission and female harassment committee

**MOD and MOI Literacy Training Contracts Pending National Procurement Commission Approval**

This quarter, USFOR-A reported the MOD and MOI literacy contract packages were submitted for National Procurement Commission review and approval.\textsuperscript{152} In the interim, the ministries continue to provide literacy training using train-the-trainer graduate instructors at the regional training centers.\textsuperscript{153} USFOR-A reports all ANA and ANP officers and non-commissioned officers are expected to be literate to hold their positions.\textsuperscript{154} ANA policy requires officer applicants be fully literate—able to read, write, and grasp the idea of a topic—and requires noncommissioned-officer applicants be able to read and write.\textsuperscript{155}

**AFGHAN LOCAL POLICE**

ALP members, known as “guardians,” are local citizens selected by village elders or local power brokers to protect their communities against insurgent attack, guard facilities, and conduct local counterinsurgency missions.\textsuperscript{156} Effective June 15, 2015, the ALP transitioned to align under the
command and control of the AUP. However, the ALP will not be absorbed into the AUP tashkil (organizational strength) and even though the AUP is one of the ANP components, the ALP tashkil will remain independent of the ANP’s total authorized strength.¹⁵⁷

As of August 26, 2015, however, the ALP had not reached its target of 30,000 guardians. According to the NATO Special Operations Component Command-Afghanistan (NSOCC-A), the ALP comprised 28,073 personnel, 21,889 of whom were fully trained.¹⁵⁸ This is a reduction from 25,179 since May 24, 2015, when the ALP comprised 28,356 personnel.¹⁵⁹ NSOCC-A reports that it no longer has direct situational awareness of the ALP personnel, and depends on reporting from Afghan counterparts. The Afghans report that during the first seven months of 2015, 2.2% of the ALP guardians were killed in action, 7.4% have been dropped from the rolls, 2.3% were wounded, and 0.09% have become disabled; an overall 11.9% attrition rate. Yet 93% of ALP members renew their contracts.¹⁶⁰

NSOCC-A estimates the annual cost to sustain the ALP target strength is $117 million; with the United States contributing $112.5 million of ASFF and the Afghans funding the remainder.¹⁶¹ Of the estimated $469.7 million DOD has obligated for the ALP through August 31, 2015, CSTC-A reported $307.9 million was from ASFF. The latest ASFF disbursement to the MOI of $45 million was made in late June.¹⁶²

NSOCC-A reports after the ALP transition to the AUP, the AUP initiated a nationwide audit of the ALP program that encompassed the tactical employment of the ALP and their checkpoint locations.¹⁶³ Earlier this year NSOCC-A attempted to validate the checkpoint locations using surveillance imagery, but had limited success due to the drawdown of Coalition forces and the lack of grid reference points.¹⁶⁴ Given those limitations, NSOCC-A was only able to verify that 271 of 929 checkpoints were still operational.¹⁶⁵ The AUP-led audit assessed 127 ALP districts and an additional 43 districts by phone on the personnel-accountability systems, logistics support, salary-disbursement methods, and tactical employment of the ALP guardians.¹⁶⁶ The resulting assessment and recommendations are expected to reform the ALP program.¹⁶⁷

One recommendation the AUP has made to the MOI is to disarm and disband unofficial militia groups who have joined the ALP. NSOCC-A reports of a militia group known as the Anti-Taliban Movement (ATM) whom Afghan ministerial leaders have discussed integrating into the ALP. However, currently there is no formal plan to incorporate the ATM into either the ALP or ANP.¹⁶⁸

The audit is timely as after the fall of Kunduz the news media reported that ALP members in the city—who receive three weeks’ training and a monthly salary rarely exceeding $120 if their commanders take a share—had been supplementing their salary by selling drugs, collecting a “tax” from residents, and killing citizens in crossfire during skirmishes with other ALP members.¹⁶⁹

**Tashkil:** list of personnel and equipment requirements used by the MOD and MOI that detail authorized staff positions and equipment items. The word means “organization” in Dari.


**SIGAR AUDIT**

SIGAR issued an audit on DOD’s support to the ALP program, which found the ALP lacks adequate logistics support, oversight, and a plan for either disbanding the force or incorporating it into the ANP. For more information, see Section 2, p. 25.

**Anti-Taliban Movement:** a broad term for several isolated groups in eastern Afghanistan that violently oppose Taliban control without government or NATO assistance. The Anti-Taliban Movement gained notoriety in the summer of 2012 when one such group successfully repelled a Taliban attack in Ghazni’s Andar district.

Afghan Public Protection Force Transition Awaits Presidential Action

The Afghan Public Protection Force (APPF), a state-owned enterprise under the authority of the MOI, was established to provide contract-based facility and convoy-security services. In 2013, then President Hamid Karzai ordered it to be dissolved and its guard functions transitioned to the ANP. DOD reported, however, that President Ghani modified the APPF charter in February 2015, demonstrating that the APPF remains a state-owned enterprise. As of September 30, 2014, the United States had spent more than $51 million on the APPF. DOD reports the provisions of Afghan Presidential Decree (PD) 62 on the “Bridging Strategy,” which states that APPF should be the primary source of security for U.S. and NATO contractors, remain in place.

USFOR-A reports while private security companies (PSC) are authorized, by Afghan PD 66, signed August 29, 2015, to contract with NATO and U.S. forces to provide external facility security and a limited grant of authority for certain U.S. and NATO contractors to subcontract with PSCs, as of October 6, 2015, there are no PSC contracts in place. Risk-management companies are authorized to provide advisory services and command-and-control functions for the APPF.

Facilities Protection Force

On September 13, 2014, International Security Assistance Force (ISAF) commander General John Campbell and the Afghan National Security Advisor signed an MOU regarding the security of Afghan and U.S./NATO facilities. According to the MOU, the MOD will field a Facilities Protection Force (FPF) of 5,030 personnel to primarily provide security for select forward operating bases being turned over to the MOD. However, the MOU also provides for Afghan force protection of the perimeter of U.S./NATO facilities and authorizes U.S./NATO forces “to utilize contracted armed security services inside NATO/U.S. agreed facilities.”

The FPF will be employed by the MOD, but will not be part of the regular ANA. The MOU calls for USFOR-A to fund FPF salaries the first year at $13.7 million, with the option for the United States to fund the force for an additional year. According to the MOU, the MOD will allow CSTC-A “to inspect and audit financial records” and ensure that “funds will be auditable by all U.S. Government agencies responsible for oversight of CSTC-A and U.S. Forces-Afghanistan.”

DOD reported General Campbell signed a memorandum on July 13, 2015, documenting the FPF was developed as a temporary force and no salary funding would be provided after September 2015. The MOD is recruiting the FPF personnel into the ANA, with 3,344 accessions as of September 20, 2015.
AFGHAN NATIONAL ARMY
As of September 30, 2015, the United States had obligated $38.1 billion and disbursed $37.3 billion of ASFF funds to build, train, equip, and sustain the ANA.180

Negligible ANA Personnel Decrease
As of July 20, 2015, the overall assigned end strength of the MOD, including the ANA, the AAF and civilians, was 176,420 personnel, according to RS.181 This is a decrease of 342 ANA personnel since last quarter, when the May 2015 assigned end strength was reported at 176,762. The slight decrease follows two quarters of increasing numbers.182

SIGAR has long questioned the validity of Afghan security-personnel numbers. A SIGAR audit released earlier this year on the reliability and usefulness of ANA personnel and payroll data found no assurance that data are valid, that controls and oversight are weak, and that computer systems possess inherent weaknesses and are not fully integrated. For more information, see SIGAR’s April 2015 Quarterly Report to the United States Congress, page 23.

This quarter, some details of ANA troop strength at corps level remain classified. SIGAR will report on these in a classified annex to this report.

ANA Attrition
This quarter, USFOR-A reported that neither RS nor the ANA currently are tracking a monthly attrition goal. The informal 1.4% goal that ISAF promoted was deemed unrealistic. The attrition rates reported will be for a given month relative to the previous month-end strength without averaging or smoothing.183

During the month of July 2015, the ANA attrition was 2.4%, with the AAF attrition at 0.6%. ANA and AAF attrition rates during May 2015 were 2.3% and 0.7%, respectively.184

RS is working with the ANA to forecast attrition and calculate future monthly recruiting goals to counter the attrition and meet the full tashkil authorizations, considering training course capacities. RS reports that recent senior noncommissioned officer (NCO) promotions to officer positions are filling those positions with battlefield-experienced leaders while creating vacancies for qualified junior NCOs to move into the senior NCO ranks and gain critical leadership experience.185

This quarter, details of ANA attrition at corps level and below remained classified. SIGAR will therefore report on them in a classified annex to this report.

ANA Sustainment
As of September 30, 2015, the United States had obligated $15.7 billion and disbursed $15.4 billion of ASFF funds for ANA sustainment.186 The most
prominent use of ASFF sustainment funding is for salaries and incentive payments; other uses include items such as ammunition replenishment, fuel purchases, and organizational clothing and individual equipment (OCIE). Funding for food ceased on December 21, 2013, after CSTC-A suspected widespread fraud by the MOD.187

The U.S. Congress appropriates funds to the ASFF for training, equipping, sustaining, and funding the ANDSF, as well as for facility repair and construction. DOD is authorized to use ASFF to provide funds directly (on budget) to the Afghan government.188 To ensure U.S. funds are used as intended, CSTC-A, the MOD, and the Ministry of Finance (MOF) signed a Bilateral Financial Commitment Letter.189

The Afghan FY 1394 financial-commitment letter requires the MOD to comply with the Berry Amendment when using any ASFF funds received on-budget for uniform purchases. A CSTC-A audit revealed the MOD did not comply with the Berry Amendment on a $27 million purchase of uniforms from FY 1392 (December 2012–December 2013). At press time, CSTC-A was still determining the withholding penalty.189 After problems with Afghan procurements of OCIE, including scams by Afghan contractors buying from Chinese instead of Afghan firms, shoddy quality, and other forms of corruption, the U.S. Congress restricted the use of ASFF to procure OCIE from non-U.S. companies. A provision in the FY 2013 National Defense Authorization Act (Section 826) requires that the Berry Amendment be applied to textile components supplied by DOD to the ANA or ANP for purposes of production of uniforms, without exceptions or exemptions.191

The Afghan FY 1394 financial-commitment letter also requires the MOD to document fuel consumption and deliveries. CSTC-A adjusts the following month’s fuel allocation based on the sufficiency and accuracy of the fuel consumption documentation.192

**ANA Salaries and Incentives**

As of September 30, 2015, CSTC-A reported that the United States had provided $2.76 billion through the ASFF to pay for ANA salaries, food, and incentives since FY 2009.193 CSTC-A reported the funding required for ANA base salaries, bonuses, and incentives will average $682 million annually over the next five years.194

CSTC-A noted that funding is provided on the basis of 100% of the ANA’s authorized, not assigned, strength. However, any unspent funds carry forward into the following fiscal year to support the requirements in the next year.195 To encourage the MOD to use electronic-payment systems, CSTC-A plans to provide 100% funding only for those authorized tashkil positions being paid electronically, once the automated pay system is ready for use in 2016; pay for other positions will be 80% funded.196 Additionally, all ANA personnel records are required to be entered into the Afghan Human Resources Information Management System (AHRIMS) and all

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**The Berry Amendment:** (Title 10 United States Code Section 2533a) requires DOD-purchased textile components (among other items), over the simplified acquisition threshold of $250,000, to be produced in the United States when using appropriated funding. This law, passed in 1941, applies when CSTC-A is purchasing uniforms for the ANDSF or when providing on-budget financing to the Afghan ministries for uniform purchases.


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**SIGAR ALERT LETTER**

SIGAR sent an alert letter to DOD, CENTCOM, and USFOR-A warning that the ANDSF has gone through multiple winters without appropriate cold-weather uniforms, and faces another shortage of cold-weather gear. For more information, see Section 2, p. 22.
personnel must be assigned a tashkil position. USFOR-A reports as of August 24, 2015, the MOD has entered nearly all ANA members personnel records in AHRIMS and has assigned a tashkil position to 97% of the assigned personnel.

ANA Equipment and Transportation
As of September 30, 2015, the United States had obligated $12.8 billion and disbursed $12.7 billion of the ASFF for ANA equipment and transportation. Most of these funds were used to purchase vehicles, aircraft, communication equipment, weapons, and related equipment. Approximately 54% of U.S. funding in this category was for vehicles and related parts, as shown in Table 3.9.

As it did last quarter, DOD reported an increase in most equipment categories. Last quarter DOD said the increase was due in part to replenishment purchases required to replace current and projected battlefield damage and other losses, as well as the cost of supplying a new special-operations kandak (battalion). CSTC-A reported the replenishment purchases cost approximately $5 million. Other equipment provided included clothing, such as uniforms, and individual equipment. Equipment purchased for the ANA that was later determined to no longer be required by the ANDSF can be transferred to DOD for disposition, after the U.S. Congress is notified; to date $215 million has been transferred to DOD, as shown in Table 3.10.

While progress toward improving the Afghan supply life-cycle management processes is occurring, CSTC-A reported the anticipated enhancement to the ANDSF’s inventory and logistics information-management system.

### Table 3.9

<table>
<thead>
<tr>
<th>Type of Equipment</th>
<th>Procured</th>
<th>Procured and Fielded to the ANA</th>
<th>Remaining to be Procured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapons</td>
<td>$631,737,933</td>
<td>$522,370,326</td>
<td>$24,983,028</td>
</tr>
<tr>
<td>Vehicles</td>
<td>7,214,663,193</td>
<td>6,440,981,649</td>
<td>TBD</td>
</tr>
<tr>
<td>Communications</td>
<td>840,433,973</td>
<td>703,298,191</td>
<td>82,830,726</td>
</tr>
<tr>
<td>Aircraft</td>
<td>1,183,859,713</td>
<td>649,861,508</td>
<td>441,514,596</td>
</tr>
<tr>
<td>Ammunition</td>
<td>2,291,847,017</td>
<td>2,180,830,996</td>
<td>380,830,461</td>
</tr>
<tr>
<td>Transportation Services</td>
<td>40,000,000</td>
<td>13,459,569</td>
<td>0</td>
</tr>
<tr>
<td>C-IEDs</td>
<td>341,550,056</td>
<td>341,550,056</td>
<td>74,059,985</td>
</tr>
<tr>
<td>Other</td>
<td>884,304,375</td>
<td>773,658,682</td>
<td>1,005,377</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13,428,396,260</strong></td>
<td><strong>$11,626,010,977</strong></td>
<td><strong>$1,005,224,173</strong></td>
</tr>
</tbody>
</table>

Note: C-IED = Counter-improvised explosive devices. TBD = To be determined; amount depends on how much damaged and destroyed equipment is turned in for replacement.


### Table 3.10

<table>
<thead>
<tr>
<th>U.S.-Purchased Equipment Not Transferred To Or Returned From ANA ($ Millions)</th>
<th>Scrap</th>
<th>To DOD Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles</td>
<td>$23.2</td>
<td>$6.0</td>
</tr>
<tr>
<td>Troop Enclosure</td>
<td>9.0</td>
<td></td>
</tr>
<tr>
<td>HMMWVs</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>Aircraft</td>
<td>146.9</td>
<td>3.1</td>
</tr>
<tr>
<td>Office Equip</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>Crane/Forklifts</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>Body Armor</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Weapons</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>Ammo</td>
<td>13.6</td>
<td></td>
</tr>
<tr>
<td>GPS/NVG</td>
<td>4.4</td>
<td></td>
</tr>
<tr>
<td>Communication Equipment</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$183.6</strong></td>
<td><strong>$31.4</strong></td>
</tr>
</tbody>
</table>

Note: Dollar amounts rounded and cumulative. Already-owned C-208s became a suitable training aircraft substitute, resulting in the transfer to DOD stock of six C-182 aircraft ($3.14 million). A troop enclosure is an add-on installed to the roof of a HMMWV or other vehicle that allows a soldier to stand up through a roof hatch with some degree of protection. HMMWV = high-mobility, multipurpose wheeled vehicles. GPS/NVG = global positioning system and night vision goggle items. Includes vehicles and parts.

known as CORE-IMS has not yet been fully implemented. The testing of the software is complete, however, the server installation at the national and regional logistics centers will occur when the 165 new computers are received and installed. CSTC-A did not provide a revised implementation date for this system.205

Eighty-six Afghans were hired in the first group of logistical specialists to serve at the national and regional centers, providing training and assistance to the ANSDF.206 The logistics specialists have inventoried supplies at the regional centers, entered vendor data and thousands of supply class items into the existing system, and processed hundreds of transactions, some being the first transactions entered for a supply-class (spare-parts and supply items are grouped by classes) in three years.207 Also, in July, 18 MOD acquisition, technology, and weapons logistical specialists attended training provided by the Defense Institute of Security Assistance Management (DISAM) on the U.S. foreign military sales process, including life-cycle management (from requirements generation to delivery). The MOI also received the DISAM training.208

The financial-commitment letter providing funds to the MOD for Afghan FY 1394 requires the MOD to determine the types and the number of vehicles it needs, ensure that maintenance is done following standard practices, and ensure that vehicles are used as intended prior to CSTC-A providing additional vehicles.209

ANA Infrastructure
As of September 30, 2015, the United States had obligated $6 billion and disbursed $5.6 billion of the ASFF for ANA infrastructure such as military headquarters, schoolhouses, barracks, police checkpoint structures, air fields, and roads.210

As of August 31, 2015, the United States had completed 369 infrastructure projects valued at $5 billion, with another 20 projects valued at $372.8 million ongoing, according to CSTC-A.211

The largest ongoing ANA infrastructure projects this quarter continue to be the brigade garrisons for the 2nd Brigade of the 201st Corps in Kunar (at a cost of $115.7 million) and the second phase of the Marshal Fahim National Defense University (which had costs increase from $72.2 million to $76.3 million), to be completed in December 2017, and the third phase of the Afghan Defense University ($35.1 million), awarded in July 2012 and scheduled to be completed in September 2015.212 In addition, three projects were completed at a cost of $61.4 million, including phase three of the MOD headquarters and garrisons ($61.3 million), and four projects were awarded this quarter at a cost of $34.9 million, including the final phase of the MOD garrisons ($18.6 million).213 Of the 18 projects ($181.6 million) in the planning stage, three projects ($32.1 million) are to construct facilities for females, according to CSTC-A.214

SIGAR AUDIT
An ongoing SIGAR audit will review DOD’s support to the ANA’s portion of the Technical Equipment Maintenance Program (A-TEMP). Specifically, SIGAR plans to determine (1) the extent to which the ANA A-Temp is meeting its stated goals and (2) whether key ANA A-TEMP contract requirements are being met.
Several training and development programs for MOD engineers and public-works personnel are under way. CSTC-A has eight engineering advisors who mentor MOD engineers on operations and maintenance, sustainment, and construction issues during multiple weekly engagements. A CSTC-A contract provides subject-matter experts to train MOD personnel on the Afghan infrastructure computer system to plan and budget facility operations and maintenance. The contractor also provides MOD engineers survey technique training.215

After a nine-month, train-the-trainer program in such areas as carpentry/masonry, indoor/exterior electrical, plumbing, and road survey and design, ANA instructors began teaching at the ANA Engineer School in August, under the observation of contractors and a U.S. Air Force civil engineer officer.216

In addition, three training programs will begin this fall:217
• an on-the-job training program for engineers and public works personnel to operate and maintain power plants, water treatment plants, and waste-water treatment plants
• a mobile-training team to deploy to ANA sites to training engineers and public works personnel
• a facilities-management workshop for engineers

The FY 1394 MOD financial-commitment letter requires the Afghan government to provide CSTC-A a transition and sustainment plan, including infrastructure security, for the facilities constructed with U.S. funding and transferred to the Afghan government.218 CSTC-A reports that it continues to work with the MOD to reach consensus on the list of excess facilities which would no longer require sustainment funding.219

SIGAR ALERT LETTER

SIGAR issued an alert letter on the results of an inspection of the U.S.-funded construction of the command-and-control center at Camp Brown. The $5 million contract, terminated for convenience almost one year after the building was to have been completed. The building had numerous safety issues and was less than half completed. For more information, see Section 2, p. 21.
ANA and MOD Training and Operations
As of September 30, 2015, the United States had obligated and disbursed $3.6 billion of the ASFF for ANA and MOD operations and training. CSTC-A reported 25 ongoing U.S.-funded training programs: 18 focusing on technical training, four on professional military education, two on basic training, and one on English language. The largest U.S.-funded training contracts include pilot training, special operations, counter improvised-explosive-device and explosive-ordnance disposal, and aircraft-maintenance training.

Afghan Air Force and the Special Mission Wing
CSTC-A reported that between FY 2010 and FY 2015, the United States has obligated more than $2.3 billion to develop the AAF, including over $905 million for equipment and aircraft. Since last quarter, DOD reduced its FY 2015 request from $925.2 million to $683.3 million. The amount requested for training declined, but the amount for equipment and aircraft rose from $21.4 million to $173.5 million. However, the majority of the funding requested continues to be for sustainment. Additionally, the FY 2016 request is for $548.3 million, with the significant majority of the funds for training and sustainment.

According to USFOR-A, this quarter, the AAF aircraft inventory includes:
- 11 Mi-35 helicopters (one less than last quarter)
- 52 Mi-17 helicopters (four less)
- 16 MD-530 helicopters (two less)
- 26 C-208 airplanes
- 4 C-130 airplanes

SIGAR SPECIAL PROJECT
In February 2015, SIGAR conducted a fact-finding visit on the A-29 Super Tucanos at Moody Air Force Base in the State of Georgia. SIGAR will conduct ongoing monitoring of the program’s roll-out and the training of the Afghan pilots.
Additionally, 20 A-29 Super Tucanos, a light-attack aircraft for counterinsurgency, close-air support, and aerial reconnaissance, have been purchased but are not yet delivered.227 This quarter USFOR-A reported the first eight AAF pilots were qualified to fly the armed variant of the MD-530 helicopter.228 Additionally, Afghan pilot training is ongoing in the United States on the A-29 Super Tucanos. The first class will graduate in December, which aligns with the first delivery of the A-29 Super Tucanos in the fourth quarter of 2015.229 That success is offset by the loss of two Mi-17 pilots killed during an aircraft accident.230 For the fledging AAF, a DOD official told SIGAR, the loss of a pilot has an even greater impact than the loss of a plane.231 USFOR-A reported a mix of internal and external contract-maintenance and logistics-management support as the goal for the AAF. The Afghans will perform routine maintenance and time-required inspections, while outside contractors will perform the heavy depot-level repairs and aircraft overhauls. USFOR-A estimates it will take five to seven years to develop the AAF organic maintenance workforce: 18 months is required to train an apprentice maintainer, and another two to three years is required to develop a craftsman-level maintainer. The airframe expected to achieve the organic maintenance capability soonest is the C-208 in 2018; the C-130 and the new MD-530 are expected to achieve Afghan organic-maintenance status in 2023.232 CSTC-A reported that between FY 2012 and FY 2015, the United States has invested over $1.77 billion in the development of the SMW, obligating more than $935.8 million of that amount for equipment and aircraft.233 According to CSTC-A, the SMW fleet of 45 fielded aircraft comprises Mi-17 helicopters and PC-12 turboprop planes that perform intelligence, surveillance, and reconnaissance capabilities.234 According to NSOCC-A, the SMW comprises 475 members, of which 102 are pilots, all part of the MOD.235 Fifty-four additional personnel are undergoing entry, English-proficiency, and security background checks.236 NSOCC-A reports the SMW has flown over 840 sorties in the Mi-17 as of September 1, 2015, compared to 400 during 2014. The PC-12 pilots have flown 972 sorties this year compared to 205 in 2014.237 According to NSOCC-A, most modern aviation organizations contract for some of their maintenance due to the complexity of aviation systems.238 The goal for the SMW is 80% organic to 20% contract maintenance.239 It will take 60 months to fully train a Mi-17 or PC-12 mechanic according to NSOCC-A, marking the summer of 2020 as the earliest the SMW will have organic maintenance and repair capability.240 In August 2014, the SMW had no inspection teams; now there are three 50-hour and one 100-hour scheduled inspection teams.241 Currently the Afghans perform approximately 20% (up from 15% last quarter) of the scheduled maintenance to the Mi-17 fleet. All PC-12 maintenance is performed by third-party contractors.242
AFGHAN NATIONAL POLICE

As of September 30, 2015, the United States had obligated $18.4 billion and disbursed $18.1 billion of ASFF funds to build, equip, train, and sustain the ANP.243

USFOR-A Review of ANP Personnel Strength Reporting

This quarter, USFOR-A reported a review of the ANP personnel rollup reporting method revealed several counting issues that resulted in a net decrease of 5,788 when corrected.244

The review revealed a number of units were being counted in both the MOI Headquarters and Institutional Support (MOI HQ & IS) and within the AUP pillars, and that another unit should be counted within the MOI HQ & IS, but was not.245

The MOI HQ & IS contains many departments including the Criminal Investigation Department, the General Command of Police Special Units, and seven deputy-minister offices (support, administration, the APPF, counternarcotics, security, intelligence, and strategy/policy). The Afghan Police Academy, the Higher Education Command, and the Kabul Training Center are all included under the Deputy Minister for Administration, while the Logistics Headquarters personnel are aligned with the Deputy Minister for Support.246 The ABP includes its headquarters, customs police, and six zones. The ANCOP includes its headquarters, a company command, and eight brigades. The AUP includes traffic, fire/rescue, and 34 provincial headquarters, each with a regional training center and logistics support.247

Additionally, CSTC-A reported that students and personnel on standby are no longer included in its totals.248

The review and correction come after SIGAR reported in a January 2015 audit that there was no assurance that ANP personnel or payroll data were accurate. On September 27, 2015, Tolo News reported that President Ghani, questioning the current number of the security forces and the likely presence of “ghost” forces, was initiating an audit to ascertain the exact numbers.249 The UN reported the Independent Joint Anti-Corruption Monitoring and Evaluation Committee issued a “vulnerability to corruption” assessment covering the payment system for martyrs and persons disabled by conflict.250 Then on October 6, 2015, Pajhwok Afghan News reported the Ministry of Labor, Social Affairs, Martyrs, and Disabled had found “ghost” martyrs within the system and had cancelled more than 50,000 cards that had been issued to persons with fake disabilities and fake families of martyrs.251

This quarter USFOR-A reported the overall strength of the ANP totaled 148,296 personnel, a decrease of 6,886 since last quarter and 8,704 below the authorized end strength of 157,000, as reflected in Table 3.11.252

USFOR-A reported that neither RS nor the ANP are now tracking a monthly attrition goal. The informal 1.4% goal that ISAF promoted was deemed
unrealistic. The attrition rates reported will be for one-month periods relative to the previous month-end strength without averaging or smoothing.253

During the months of May, June, and July, the ANP experienced a 1.9%, 2.0%, and 1.9% attrition.254

**ANP Sustainment**

As of September 30, 2015, the United States had obligated $7.5 billion and disbursed $7.4 billion of ASFF funds for ANP sustainment.255 This includes contributions to the Law and Order Trust Fund for Afghanistan (LOTFA), which pays for ANP salaries. The most prominent use of ASFF sustainment funding is for salaries and incentive payments; other uses include items such as ammunition replenishment, fuel purchases, and OCIE. Since December 21, 2013, the United States has no longer funded food costs after CSTC-A suspected widespread fraud by the MOI.256

DOD reported that relatively small quantities of OCIE, either unserviceable or not suitable for use by the ANDSF, have been disposed of by transferring them to DOD stock. DOD further stated that once the ANDSF disposal capabilities are developed, the process of “returning to DOD stock” will not include OCIE or similar supplies or equipment that does not require demilitarization.257

**ANP Salaries**

Through October 15, 2015, the U.S. government had provided $1.53 billion, contributed through LOTFA, to pay ANP salaries, food, and incentives (extra pay for personnel engaged in combat or employed in specialty fields).258 The U.S. contribution to LOTFA for calendar year 2015 is $112 million to fund salaries, incentives, and the United Nations Development

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**TABLE 3.11**

<table>
<thead>
<tr>
<th>ANP Component</th>
<th>Authorized Q2 2015</th>
<th>Authorized Q3 2015</th>
<th>Quarterly Change Q2 2015</th>
<th>Authorized Q3 2015</th>
<th>Quarterly Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUP</td>
<td>93,045</td>
<td>90,139</td>
<td>(2,906)</td>
<td>95,389</td>
<td>(8,635)</td>
</tr>
<tr>
<td>ABP</td>
<td>22,742</td>
<td>22,955</td>
<td>213</td>
<td>22,021</td>
<td>(246)</td>
</tr>
<tr>
<td>ANCOP</td>
<td>15,192</td>
<td>15,223</td>
<td>31</td>
<td>15,017</td>
<td>152</td>
</tr>
<tr>
<td>MOI HQs &amp; IS</td>
<td>27,077</td>
<td>28,523</td>
<td>1,446</td>
<td>22,827</td>
<td>24,598</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,771</td>
<td></td>
</tr>
</tbody>
</table>

Required to reconcile ANP Subtotal - - - (72) - 72

**ANP Total (as reported)** 158,056 156,840 (1,216) 155,182 148,296 (6,886)

Note: Quarters are calendar-year; Q2 2015 data as of 5/2015; Q3 2015 data as of 7/2015. AUP = Afghan Uniformed Police; ABP = Afghan Border Police; ANCOP = Afghan National Civil Order Police; IS = Institutional Support personnel.

Programme management fee. The first distribution of $56.2 million was made in June.

CSTC-A reports the U.S. funding required for LOTFA over the next five years will depend on the contributions of Coalition partners. The estimated annual expenses range from a high of $616.3 million to a low of $608.1 million, for an average of $613.2 million annually.

The CSTC-A financial commitment letter to the MOI for Afghan FY 1394 includes the LOTFA Steering Committee mandate for the MOI to provide 100% of ANP salaries through electronic funds transfer. To incentivize the MOI to use electronic-payment systems, CSTC-A plans to provide funding only for those authorized tashkil positions being paid electronically, once the automated pay system is ready for use in 2016. USFOR-A reports as of August 30, 2015, the MOI has input nearly all ANP members’ personnel records in AHRIMS and has assigned a tashkil position to 93% of the assigned personnel.

In addition to the LOTFA contributions, CSTC-A reported the first U.S. direct contribution, $238.4 million, was provided to the Ministry of Finance in May to cover ANP payroll expenses through August 2015.

**ANP Equipment and Transportation**

As of September 30, 2015, the United States had obligated and disbursed $4.1 billion of ASFF funds for ANP equipment and transportation. Most of these funds were used to purchase vehicles, aircraft, ammunition, weapons, and communication equipment, as shown in Table 3.12. More than 58% of funding in this category was used to purchase vehicles and vehicle-related equipment.

Equipment purchased for the ANP includes sophisticated items such as high-mobility, multipurpose wheeled vehicles (HMMWV); night-vision devices; global-positioning systems; explosive-ordnance disposal equipment; and biometrics equipment. Ordinary items include ambulances, spare parts, pistols, machine guns, radios, clothing, dental and medical equipment, and transportation services. Cumulatively, CSTC-A reported more than 575,000 weapons, 108,700 communications devices, and 55,000 vehicles had been procured for the ANP. The total equipment procured CSTC-A has reported since June has increased by over $900 million. Last quarter DOD said the large increase was due in part to purchases needed to replace current and projected battlefield damage and other losses.

The financial-commitment letter providing ASFF funds to the MOI for FY 1394 requires the MOI to determine the types and the number of vehicles it needs, to ensure that maintenance is done following standard practices, and that vehicles are used as intended prior to CSTC-A providing additional vehicles.

Equipment purchased for the ANP that was later determined to be no longer required by the ANDSF can be transferred to the DOD for disposition,
after the U.S. Congress is notified; to date $18.4 million has been transferred to DOD.\textsuperscript{274} This process is available for equipment that CSTC-A had not transferred to the ANP as well as equipment that had been transferred.\textsuperscript{275}

SIGAR analysis of the equipment being transferred to DOD to be scrapped shows that it includes several items that could be useful to the ANDSF—such as OCIE and ammunition. However, DOD reported the ANP is consulted on the equipment prior to the transfer to DOD stocks.\textsuperscript{276} CSTC-A reported the ammunition, valued at $27.2 million, is being transferred to DOD stock as the ANA and ANP no longer require these low-use munitions and their national stock objectives have been met. As the ammunition is currently in the United States at storage facilities awaiting transport to Afghanistan, this action will save $14 million that would have been incurred in storage costs.\textsuperscript{277}

### ANP Infrastructure

As of September 30, 2015, the United States had obligated $3.1 billion and disbursed $3 billion of ASFF funds for ANP infrastructure.\textsuperscript{278}

As of August 31, 2015, the United States had completed 729 infrastructure projects (valued at $3.5 billion), according to CSTC-A.\textsuperscript{279}

The last active ANP infrastructure project, phase three of the MOI headquarters (at a cost of $55.1 million), is scheduled to be completed this fall.\textsuperscript{280} While no new contracts were awarded this year, six ANP infrastructure projects ($76.5 million) were completed this quarter, to include the ANCOP brigade and battalion headquarters building in Paktiya ($23.4 million), and the transportation brigade and four transportation battalion headquarters ($23.3 million).\textsuperscript{281}
CSTC-A reports of the 15 projects ($62.3 million) in the planning stage, 14 of the projects ($61.3 million) are to construct training, dining, and living facilities for females.282

Six CSTC-A engineering advisors mentor the MOI engineers on facility-sustainment policy, planning, programming budgeting, and execution several times a week, as well as contract reviews and project planning.283 A CSTC-A contract provides subject-matter experts to train MOI personnel on the Afghan infrastructure computer system to plan and budget facility operations and maintenance. The contractor also provides MOI engineers survey technique training.284

CSTC-A is attempting to negotiate an agreement between the MOD and MOI to provide ANP billets at the ANA Engineer School. The ANP need training for instructors in carpentry/masonry, indoor/exterior electrical, plumbing, and road survey and design.285 In addition, three training programs will being this fall:286

• a CSTC-A training and advisory team to increase ANP logistics officer capabilities to operate, maintain, and sustain infrastructure
• a training program for 39 facility engineers and personnel in developing contractual requirements, statement of works, and execution oversight (an earlier program placed 29 graduates within the MOI and ANP)
• a facilities management workshop for engineers and their MOD counterparts

ANP Training and Operations
As of September 30, 2015, the United States had obligated $3.7 billion and disbursed $3.6 billion of the ASFF for ANP and MOI training and operations.287

CSTC-A reported there are seven ongoing U.S.-funded technical training programs for the ANP: five technical, one basic training, and one on professional military training.288 The largest U.S.-funded training includes operational-specialty training, such as special operations intelligence, equipment maintenance, counter-improvised-explosive-device procedures, explosive-ordnance disposal, and radio operation and maintenance.289

STATUS OF WOMEN IN THE ANDSF
This quarter USFOR-A reported the number of women serving in the ANDSF increased by 415. With the decrease in the overall ANDSF strength, the percentage of women serving also increased from 0.90% to 1.16%.280 This quarter, RS reported 3,753 women among the ANDSF’s assigned force strength for the ANA and ANP, including students-in-training and recent training graduates. Of the total, there were 817 officers, 1,258 NCOs, 1,154 soldiers, and 524 cadets.291

RS reported the ANA reduced their recruitment goal to 485 women per year to match the current training capacity. The limited number of barracks
is restricting the number of women who can be accommodated in basic
training.\textsuperscript{292} USFOR-A reported that the number of female recruits has
doubled in the ANP since March 2013.\textsuperscript{293} ANP recruiting is traditionally more
successful than ANA female recruiting because the ANP recruits can typi-
cally work in their home provinces.\textsuperscript{294}

The National Defense Authorization Act for FY 2014 authorizes $25 mil-
lion to be used for programs, facilities, recruiting, and integration of
women into the ANDSF. CSTC-A reports that all the $25 million, plus
some extra funding, has been obligated. Over $4 million was obligated
for on-budget items such as building improvements, public relations and
advertising, bonuses and incentives, and travel. However, over $23 million
was executed off-budget for building improvements, to include $787,000
for the female facilities at the Marshal Fahim National Defense University,
and supplies.\textsuperscript{295} Additionally, of the $10 million NATO allocated from
the ANA Trust Fund for ANA women’s programs, CSTC-A has obligated
$5.6 million for building improvements.\textsuperscript{296}

\textbf{ANDSF MEDICAL/HEALTH CARE}

Since 2006, the United States has funded the construction of 184 ANDSF
medical facilities valued at $188.2 million and procured approximately
$54.7 million in ANA medical equipment.\textsuperscript{297} An additional $150,000 for ANA
and $200,000 for ANP equipment purchases were scheduled for this fiscal
year, in addition to $1.76 million for on-budget acquisitions that were held
up due to procurement issues.\textsuperscript{298} The ANA has eight regional medical hos-
pitals; the AAF has five clinics and five detachments. The ANP has just one
hospital, in Kabul, but has an agreement with the ANA to treat police.\textsuperscript{299} At
this time, no other medical-facility construction is planned; however, the
South Korean hospital at Bagram Air Field will be transferred to the MOD in
December.\textsuperscript{300} CSTC-A reports the ANA intends to use the hospital to provide
medical services to the AAF and the local civilian population.\textsuperscript{301}

CSTC-A reported there were 868 physicians assigned in the ANDSF
health-care system as of August 17, 2015. The total number of positions
authorized is 1,185, with 546 physicians assigned in ANA positions and 322
in ANP positions. The ANA and ANP have a shortage of 194 and 123 physi-
cians respectively.\textsuperscript{302} Seven of the eight ANA regional hospitals, to include
the Kabul National Military Hospital, are fully operational. The eighth hospi-
tal in Helmand was planned to have 50\% of the tashkil staffed by the end of
June 2015.\textsuperscript{303}

The ANDSF also has 2,582 nurses, physicians’ assistants, and other medi-
cal personnel, an increase of 140, yet an additional 867 positions remain
unfilled.\textsuperscript{304} While the number of unfilled medical personnel positions has
increased since the end of May, the number of positions authorized has
increased by 242, increasing the overall shortage.\textsuperscript{305}
This quarter, CSTC-A reported the ANA and ANP created joint plans to provide medical services to soldiers and police during 2015 fighting season.\textsuperscript{306} The AAF medical service, at times augmented by ANA flight medics, continues to fly 30–40 medical evacuation missions per week.\textsuperscript{307} CSTC-A contracted for biomedical equipment technician training to enable the ANP technicians to maintain their equipment.\textsuperscript{308} However, critical medical supplies totaling $465,000 and nearly $24 million in vaccines were procured by the Coalition after problems with ANDSF procurement.\textsuperscript{309}

**STATUS OF CLASSIFIED ANDSF DATA**

This quarter, RS classified some information about ANDSF personnel strength, attrition, and assessments; the AAF; and the SMW. As authorized by its enabling statute, SIGAR provides Congress with a classified annex to this report containing that information.

**REMOVING UNEXPLODED ORDNANCE**

Afghanistan remains heavily contaminated by mines and explosive remnants of war (ERW). The Department of State’s (State) Bureau of Political-Military Affairs’ Office of Weapons Removal and Abatement (PM/WRA) manages the conventional-weapons destruction program in Afghanistan to protect victims of conflict, provide life-saving humanitarian assistance, and enhance the security and safety of the Afghan people. Since FY 2002, State has provided $305.6 million in weapons-destruction and humanitarian mine-action assistance to Afghanistan. All PM/WRA FY 2014 funds have been expended as of this quarter. PM/WRA has two-year funding; FY 2015 funding has not been made available for obligation at this time.\textsuperscript{310}

In July 2015, the Jangalak industrial complex in Kabul was declared free of mines and ERW and handed over to the Afghan government. The factory complex, once one of the most productive in Afghanistan, employed 3,000 workers before it was destroyed during the 1990s civil war. With mine-clearance operations now complete, the Ministry of Finance plans to construct a large printing press at the complex, which will employ around 1,000 workers.\textsuperscript{311}

State directly funds five Afghan nongovernmental organizations (NGOs), four international NGOs, and one U.S. government contractor to clear areas contaminated by ERW and to support the clearance of conventional weapons used by insurgents to construct roadside bombs and other improvised explosive devices (IEDs). As of June 30, 2015, State-funded implementing partners have cleared more than 172.3 million square meters of land (approximately 66.5 square miles) and removed or destroyed approximately 8.9 million landmines and other ERW such as unexploded ordnance (UXO),
abandoned ordnance (AO), stockpiled munitions, and home-made explosives (see Table 3.13).\textsuperscript{312}

The estimated total area of contaminated land continues to fluctuate as clearance activities reduce hazardous areas while ongoing survey activities find new contaminated land. At the beginning of this quarter, there were 535.6 square kilometers (206.8 square miles) of contaminated minefields and battlefields. PM/WRA defines a minefield as the area contaminated by landmines, whereas a contaminated area can include both landmines and other ERW.\textsuperscript{313} During the quarter, 6.5 square kilometers (2.5 square miles) were cleared. However, ongoing surveys identified 29.8 square kilometers (11.5 square miles) of additional contaminated areas, bringing the total of known contaminated area to 558.9 square kilometers (215.7 square miles) by the end of the quarter.\textsuperscript{314}

In April 2015, USAID issued its first grant of $9.6 million under the $30.2 million Afghan Civilian Assistance Program (ACAP III). ACAP III’s goal is to support victims of war, including victims of mines and ERW. The program provides immediate medical and other nonmonetary assistance tailored to meet victims’ needs. It also develops the capacity of government ministries and institutions to aid victims of war and enhance outreach to and advocacy efforts for victims. ACAP III will run until February 2018. In its August report, UNAMA reported the highest number of civilian casualties during the first six months of 2015 compared to the same period in previous years. The increase in civilian casualties during those six months

<table>
<thead>
<tr>
<th>Date Range</th>
<th>AT/AP Destroyed</th>
<th>UXO Destroyed</th>
<th>SAA Destroyed</th>
<th>Fragments Cleared</th>
<th>Minefields Cleared (m²)</th>
<th>Estimated Contaminated Area Remaining (m²)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1–3/31/2013</td>
<td>1,984</td>
<td>100,648</td>
<td>105,553</td>
<td>3,722,289</td>
<td>7,978,836</td>
<td>552,000,000</td>
</tr>
<tr>
<td>4/1–6/30/2013</td>
<td>1,058</td>
<td>18,735</td>
<td>49,465</td>
<td>1,079,807</td>
<td>5,586,198</td>
<td>537,000,000</td>
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<tr>
<td>7/1–9/30/2013</td>
<td>1,243</td>
<td>21,192</td>
<td>98,306</td>
<td>1,673,926</td>
<td>4,229,143</td>
<td>521,000,000</td>
</tr>
<tr>
<td>10/1–12/31/2013</td>
<td>8,211</td>
<td>2,469</td>
<td>54,240</td>
<td>3,064,570</td>
<td>5,729,023</td>
<td>518,000,000</td>
</tr>
<tr>
<td>1/1–3/31/2014</td>
<td>1,780</td>
<td>254,734</td>
<td>245,380</td>
<td>262,750</td>
<td>5,473,170</td>
<td>638,400,000</td>
</tr>
<tr>
<td>4/1–6/30/2014</td>
<td>1,077</td>
<td>3,264</td>
<td>25,362</td>
<td>3,227,697</td>
<td>5,163,035</td>
<td>519,000,000</td>
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<tr>
<td>7/1–9/30/2014</td>
<td>1,329</td>
<td>26,873</td>
<td>21,502</td>
<td>2,860,695</td>
<td>5,705,984</td>
<td>511,600,000</td>
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<tr>
<td>10/1–12/31/2014</td>
<td>465</td>
<td>20,274</td>
<td>58,369</td>
<td>538,499</td>
<td>1,604,410</td>
<td>524,600,000</td>
</tr>
<tr>
<td>1/1–3/31/2015</td>
<td>388</td>
<td>8,495</td>
<td>3,571</td>
<td>930,110</td>
<td>2,425,318</td>
<td>535,600,000</td>
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<tr>
<td>4/1–6/30/2015</td>
<td>434</td>
<td>3,037</td>
<td>2,748</td>
<td>980,748</td>
<td>3,390,216</td>
<td>535,600,000</td>
</tr>
<tr>
<td>Total</td>
<td>17,969</td>
<td>459,712</td>
<td>664,496</td>
<td>18,341,091</td>
<td>47,285,333</td>
<td>535,600,000</td>
</tr>
</tbody>
</table>

Note: AT/AP = anti-tank/anti-personnel ordnance. UXO = unexploded ordnance. SAA = small arms ammunition. Fragments are reported because their clearance requires the same care as for other objects until their nature is determined. There are about 4.047 square meters (m²) to an acre.

* Total area of contaminated land fluctuates as clearance activities reduce hazardous areas while ongoing survey identifies and adds new contaminated land in the Information Management System for Mine Action (IMSMA) database.

stems from an increase in attacks; IEDs are the second-leading cause of civilian casualties, with 4% from ERW. The security situation has led to increased casualties among women and children; ACAP III will emphasize economic-reintegration services for women and youth.315

COUNTERNARCOTICS
As of September 30, 2015, the United States has provided $8.4 billion for counternarcotics efforts in Afghanistan since 2002. Congress appropriated most of these funds through the DOD Drug Interdiction and Counter-Drug Activities (DOD CN) Fund ($2.9 billion), the Afghan Security Forces Fund (ASFF) ($1.6 billion), the Economic Support Fund (ESF) ($1.6 billion), and a portion of the State Department’s International Narcotics Control and Law Enforcement (INCLE) account ($2.2 billion).316 USAID’s alternative-development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production.317 In addition to reconstruction funding, the U.S. Drug Enforcement Administration (DEA) receives funding through direct appropriations to operate in Afghanistan. (See Appendix B.)

The United Nations Office on Drugs and Crime (UNODC) reported this quarter that opium production decreased 48% this year compared to last year. The drop would be significant, but UNODC cautions that its reporting methodology changed between 2014 and 2015, possibly “making the extent of changes appear greater than it actually was.” The 2014 opium production was estimated at 6,400 tons (14.1 million pounds); 2015 results are estimated at 3,300 tons (7.3 million pounds). Cultivation levels also decreased from 224,000 hectares in 2014 to 183,000 hectares in 2015, but the number of poppy-free provinces declined in 2015, with Balkh losing its status. Despite the reduced opium production levels, cultivation remains significant and eradication levels have little impact on curtailing production or cultivation as illustrated in the Figure 3.27.318

President Ghani in October signed Afghanistan’s new counternarcotics strategy for the next five years, the National Drug Action Plan (NDAP). The three goals of the NDAP are to decrease opium-poppy cultivation; decrease the production and trafficking of opiates and reduce domestic demand for illicit drugs; and increase the provision of treatment for users. The plan outlines specific targets to achieve these goals to be reviewed annually. For instance, it proposes to decrease cultivation by 10% by 2016 and 40% by 2019; transition 15 treatment programs to the Ministry of Public Health (MOPH) the first year and 75 by 2019; and solicit regional and international support in several program areas such as interdiction, border control, and anti-money laundering.319

The United States has committed $350 million for Afghan counternarcotics efforts, including implementation and support of the plan. However, the
U.S. track record in combating narcotics production in Afghanistan is not encouraging. U.S. spending on counternarcotics since 2002 already exceeds $8 billion, yet Afghanistan remains the world’s leading producer of opium. Limiting opium cultivation and curtailing drug use are becoming even more formidable challenges with a rising number of heroin users in China increasing the demand for Afghan opium.\(^{320}\)

U.S. Ambassador P. Michael McKinley told SIGAR in February that an updated U.S. counternarcotics strategy would be finalized within six months. However, State informed SIGAR this quarter that the U.S. government is still operating under the December 2012 strategy. After review of Afghanistan’s recently announced NDAP, the United States will prepare a revised strategy that complements the NDAP.\(^{321}\)

With the reduced Coalition footprint and the tenuous security situation in certain provinces, limited resources are available to execute programs and oversee their implementation. For instance, State informed SIGAR last quarter that security conditions prevented American staff visits to the Ministry of Counter-Narcotics’ (MCN) offices.\(^{322}\)

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**FIGURE 3.27**

**OPIUM CULTIVATION AND ERADICATION RESULTS, 2005–2015 (HECTARES IN THOUSANDS)**

![Bar graph showing opium cultivation and eradication results from 2005 to 2015.](Image)

Note: A hectare is 10,000 square meters, or almost 2.5 acres.

* UNODC notes that its report methodology changed between 2014 and 2015, possibly “making the extent of changes appear greater than it actually was.”

Drug Demand Reduction

INL currently supports 97 residential and outpatient treatment centers serving nearly 30,000 Afghans per year. Last quarter, the MOPH published the results of the latest national drug-use survey. As opium cultivation levels have continued to rise in recent years, so has the country’s domestic addiction problem. Drug users may well exceed 10% of the population, according to INL. In January 2015, INL transitioned the first group of 13 treatment programs to MOPH responsibility and transferred the clinical staff to the Afghan government staff list (tashkil). Another 15 treatment programs will transition to the government by the end of January 2016 and the remainder by the end of 2019.

According to INL, the MOPH has been leading the monthly transition task force meetings with the MCN, the Colombo Plan, and INL since July. INL meets twice a year with the same stakeholders to discuss and resolve any potential budgetary issues. INL contributed over $7.6 million to the Colombo Plan for its drug demand-reduction program in October 2014 and $12.9 million in September 2015.323

In his recent interview with SIGAR, President Ghani raised the issue of domestic drug addiction, saying some 3.5 million Afghans are addicted. President Ghani said Afghanistan’s opium production can only be curtailed by creating better-paying jobs in the agriculture sector. (For more information, see Section 1 of this report.)

Counter-Narcotics Community Engagement

INL funds the nationwide Counter-Narcotics Community Engagement (CNCE) program, which focuses on discouraging poppy cultivation, preventing drug use by raising public awareness, and encouraging licit crop production. Since 2013, INL has expended $9.2 million on the program. The program was extended for one year on April 4, 2015, with an additional cost of almost $1.6 million. A campaign targeting the 2016 preplanting season began on July 25. The campaign included antidrug billboards and radio and TV advertisements at the national and local levels. Other community-outreach events were held in Farah, Helmand, Kandahar, Uruzgan, Badghis, Badakhshan, Baghlan, Daykundi, Nangarhar, Nimroz, and Kunar. The MCN also held outreach sessions with religious and civil-society leaders.324

As part of the program, Sayara Media Communications (Sayara) analyzes the effectiveness of antinarcotics media campaigns. Its 42 reporters were placed in several provinces, which were ranked from tier 1 to tier 4 based on their cultivation levels. The reporters gathered information and gauged perceptions on the state of counternarcotics policies and messaging. In addition, Sayara assessed the effectiveness of campaigns with audience survey reports.325

An INL assessment released last quarter dealt with the impact of programs to reduce opium cultivation by Afghan farmers. The report concluded that the effectiveness of public-information campaigns is difficult to evaluate. It analyzed the public-information campaign component of the 2008–2012 Helmand Food Zone program, whose activities were similar to those of CNCE. Even the MCN, which has claimed public-awareness campaigns appeared to noticeably influence decisions to cultivate poppy, warned that no conclusive research exists on the effectiveness of counter-narcotics messaging.326

**Ministry of Counter-Narcotics Capacity Building**

An 18-month MOU signed with the MCN last year that provided funding for 24 Afghan national advisors ended on September 15, 2015. Responding to SIGAR’s data-call question, INL was unable to provide financial information on cumulative spending and obligations. According to INL, the MCN has shown significant progress in institutional development and has an increased ability to develop staff and programs. The Afghan national advisor program started with a staff of 34. The MOU was not renewed, but INL will provide advisory support to the MCN in the future if it is necessary. INL concluded that shifting from capacity-building support to training opportunities would enable the MCN to take on greater responsibility in its transition plan.

In August, 13 Asian University for Women graduates started their one-year fellowships at the MCN. The fellows are assigned throughout the ministry to develop staff capacity and raise gender awareness. The MCN revised their proposals, based on INL feedback, for a series of short- and long-term courses to be taught at Afghan universities. The courses were designed to increase work-related skills and overall capacity of the MCN staff. INL is exploring funding options for three of the five updated proposals.327

SIGAR is unable to assess the MCN’s capacity-building efforts as no performance-measurement plan (PMP) or evaluation or progress reports were provided for this program. Last quarter, INL informed SIGAR it was developing methods for measuring Afghan national advisor effectiveness to be included in the PMP. However, security conditions have prevented regular visits to the MCN’s offices by American staff since early this year.328

INL conducted an independent risk assessment of the MCN’s public financial-management system during the first quarter of 2015. The report identified deficiencies that increased the potential for inaccurate financial reporting, inefficiency and ineffectiveness of operations, and noncompliance with laws and regulations; areas of particular concern were internal control, program management and monitoring, and fixed-assets management. INL’s remediation plan for the MCN assessment was finalized this quarter. INL is procuring a contractor to implement this remediation plan.

**SIGAR Inspection**

This quarter SIGAR published an inspection report that reviewed the power grid project at the Counter Narcotics Strip Mall in Kabul. The inspection found that the project was completed within budget and met contract performance standards. However, the power grid was not tested or deemed operable until January 2015—a year and a half after completion. INL funded this project to support eight law enforcement compounds. For more information see Section 2, p. 36.
The year-long plan includes creating databases, establishing policies and standard procedures, and providing training.\textsuperscript{329}

**Governor-Led Eradication Program**

INL funds the Governor-Led Eradication Program (GLE) program, which operates at different times of the year depending on each province’s cultivation cycle. Since the program’s inception in 2008, INL has obligated $9.9 million and disbursed $4.2 million. The MCN tracks cumulative eradication results that are subsequently verified by UNODC. GLE provides limited financial support to provincial governments who participate in poppy-eradication efforts. According to INL, GLE is part of a larger process whereby provincial authorities and Kabul balance incentives for growing licit crops with disincentives for illicit cultivation. GLE is the only eradication program financially supported by the U.S. government. It accounts for less than 2\% of INL’s Afghanistan counternarcotics budget.\textsuperscript{330}

According to INL, UNODC’s August 2015 eradication report shows total eradication results of 3,760 hectares, a 40\% increase over last year’s result of 2,692 hectares. The improved results of this year’s eradication campaign still pale compared to the 2013 eradication total of 7,348 hectares; the 2015 eradication result represents 3\% of the current (incomplete) UNODC national opium-cultivation estimate of 115,843 hectares (UNODC provided estimates for 28 of Afghanistan’s 34 provinces). Based on the $4.2 million spent on GLE to date, serious questions remain about program effectiveness and return on investment. UNODC’s forthcoming opium-survey report will contain the finalized national area estimate and eradication totals for all provinces.\textsuperscript{331}

For more information on GLE, see SIGAR’s April 2015 Quarterly Report to the United States Congress.

**Good Performer’s Initiative**

INL’s Good Performer’s Initiative (GPI) supports the MCN’s efforts to reduce provincial poppy cultivation and boost licit crops. To date, INL has obligated $73 million and disbursed $17.2 million for GPI. Under the terms of GPI, a province must demonstrate verifiable achievements against defined standards to receive awards. In August 2014, INL and the MCN announced GPI II, which expands the award categories for “good performers” to include public outreach and law enforcement, in addition to cultivation. The redesigned GPI provides more support for rural alternative livelihoods. Its aim is to reduce poppy cultivation in select communities by enhancing the profitability of licit crops and improving rural employment options and incomes. The GPI II MOU has been finalized; the Afghan government and the U.S. Embassy Kabul are making arrangements for its execution. As of August 31, 2015, a total of 245 GPI projects with a value of more than $116 million have been approved.
Some 183 projects had been completed, 60 were ongoing, and two were nearing completion.\footnote{332}

INL ensures that projects proposed under the GPI program do not conflict with other U.S. government work through interagency consultation. INL and its implementing partners consult with USAID to avoid pitfalls like duplicative work or competing activities, and to develop complementary activities. State’s Special Representative for Afghanistan and Pakistan hosts regular counternarcotics working groups to bring together personnel from State, DOD, DEA, USAID, and other relevant agencies to maintain coordination on counternarcotics programs.\footnote{333}

**ALTERNATIVE DEVELOPMENT/ALTERNATIVE LIVELIHOOD**

USAID’s alternative-development programs support U.S. counternarcotics objectives by helping countries develop economic alternatives to narcotics production. INL funding also supports programs in several areas including supply reduction and alternative development.\footnote{334}

**Strengthening Afghan Governance and Alternative Livelihoods**

INL supports alternative-livelihood programs as part of its efforts to combat drug trafficking. The nongovernmental Aga Khan Foundation and its partners implement activities under the $11.9 million Strengthening Afghan Governance and Alternative Livelihoods (SAGAL) grant from INL. The implementers favor activities, rather than stand-alone projects, with the following five objectives:

- improve agricultural yields of high-potential licit crop systems
- increase economic return for licit crop systems
- improve farmers’ access to financing
- reduce vulnerability of at-risk populations to engage in the illicit economy
- improve sub-national governance systems

SAGAL activities are implemented in 16 provinces including Helmand and Kandahar. INL informed SIGAR that $6.2 million have been expended to date.\footnote{335}

According to INL, SAGAL activities complement past and ongoing investments in licit livelihoods and rural development by the U.S. government, including support for GPI II. Where possible, SAGAL will support a more decentralized GPI II project-selection and nomination process to improve the recognition of rural community needs. Wherever GPI II and SAGAL both operate, SAGAL project teams will provide needed support such as access to improved techniques and technologies, agricultural inputs, linkages to markets, and greater capacity for communities to increase postproduction crop value. SAGAL supplements the work of USAID projects wherever
possible and expands U.S.-funded alternative-livelihood projects into new areas. Program staff consult with USAID to avoid working with the same beneficiaries or offering competing activities.336

Table 3.14 provides summary financial information on SAGAL and other alternative livelihood programs.

**Kandahar Food Zone**

The Kandahar Food Zone (KFZ) is a $27.7 million USAID project implemented by International Relief and Development Inc. (IRD) under a joint strategy and in close coordination with INL. KFZ is designed to identify and address the drivers of poppy cultivation in targeted districts of Kandahar. IRD was granted a one-year extension of the program through August 30, 2016, increasing its total cost to $27.7 million.337

In its first two years, KFZ completed the rehabilitation of 12 canals in two districts (totaling almost 168 kilometers or 104.4 miles) which provide water to more than 19,000 hectares of farmland and 33 alternative livelihood activities such as vocational masonry training, vegetable production and processing for women, pre- and post harvest marketing and management, greenhouses establishment, and solar drying-mechanism trainings for fruits and vegetables. KFZ also held the April 2014 Alternative Development Conference where 560 people participated including the Acting Minister of Counter-Narcotics, the Kandahar provincial governor, various district government officials, community development councils (CDCs), local shura, villagers from various districts, and other donors. The conference inaugurated the canal rehabilitation and construction projects completed by KFZ.
USAID expended $2.9 million between April and June 2015, and $2.3 million between July and September 2015.338

Last quarter, USAID informed SIGAR of its intent to maintain IRD as an implementing partner during the one-year extension of KFZ after August 30, 2015, despite the fact that IRD had previously been suspended for gross misconduct. USAID informed SIGAR that the one-year extension will enable KFZ to improve access to water by rehabilitating additional irrigation systems and concentrate on promoting high-value crops that can serve, over the long term, as alternatives to poppy. USAID plans to continue its alternative-development activities in the Kandahar region after KFZ ends. Coordination between INL and USAID complements USAID’s alternative-development efforts with eradication, public outreach, and drug-demand reduction programs. As an example of the program’s effectiveness, USAID cites the improved coordination led by the MCN under the GLE program in Kandahar that resulted in the eradication of 396 hectares of poppy (verified by UNODC) in 2015 compared to 68 hectares in 2014. Besides INL’s nationwide public outreach, Sayara also highlighted USAID’s KFZ work in its media campaigns.339

KFZ faces challenges of operating in an insecure environment and under often primitive conditions. Despite that, KFZ’s local staff members have been successful in getting into the field and working with beneficiaries; the project has encountered no security incidents. As of mid-September 2015, USAID had disbursed $18.1 million to IRD since KFZ’s inception in July 2013. According to USAID, 100 staff—two U.S. civilians, eight third-country nationals, and the 90 local nationals—work on the KFZ program. Measuring Impact of Stabilization Initiatives, USAID’s third-party monitoring program, reported that KFZ’s activities have been restricted, because of the limited budget, to numerous training courses being provided and some irrigation canals being rehabilitated or constructed in two districts. USAID told SIGAR that by addressing the drivers of poppy cultivation with a bottom-up strategy with CDCs and community representatives, KFZ has identified infrastructure, agricultural, and other alternative livelihood projects that will enable a community’s behavior to change towards a licit economy. KFZ worked closely with the MCN, the provincial governor, the district governors, the directors of line ministries, and the district development assemblies who have provided political will, guidance, leadership, and community contributions to facilitate KFZ’s role.340

The benefits to Afghan farmers and local communities are not clear. For example, IRD has not provided performance indicators for the percentage of households reporting an increase in income from licit livelihood or the percentage of change in opium-poppy cultivation in targeted areas. After nearly two years, IRD reported only five activities to increase opportunities for women as a result of U.S. government assistance in licit livelihoods.341
By September 2014, USAID has disbursed at least $5 million, yet no alternative-livelihood or infrastructure projects were implemented. USAID’s own midterm evaluation (in March 2015) concluded that it was premature to measure impact under the period of performance regarding irrigation improvements and that the trainings provided were inadequate to address all the root causes of poppy cultivation identified in the community; the evaluation only covered the period of performance through November 2014.342

Regional Agricultural Development Program
The Regional Agricultural Development Program (RADP) is intended to help Afghan farmers achieve more inclusive and sustainable economic growth. Three RADP projects are under way in the southern, western, and northern regions of Afghanistan. These projects share objectives focused on improving the productivity and profitability of the wheat, high-value crops and livestock value chains. Using a value-chain approach, these projects work with farmers and agribusinesses to overcome obstacles hindering production, processing, sales, and overall development of agricultural value chains.343

RADP-South, a five-year, $125 million effort, operates in Helmand, Kandahar, Zabul, and Uruzgan Provinces. It began in October 2013 and is scheduled to end in October 2018.344 RADP-South’s focus is on strengthening the capacity of producers, associations, traders, and businesses to respond to market demands and facilitate market linkages between value-chain actors such as retailers, input suppliers, mills, and agricultural depots. This quarter, RADP-South conducted training in wheat cultivation, pest management, nutrition, and high-value crops for several thousand farmers. RADP-South also supported veterinary field units and several thousand herders with livestock vaccinations, medication, and treatment of diseases. It also conducted training for paraveterinarians (community-based animal health workers who provide initial diagnosis and basic treatment of animals) to deliver animal health-care services.345

The $78 million RADP-North project began in May 2014. It operates in Balkh, Jowzjan, Samangan, Baghlan, Kunduz, and Badakhshan. During the quarter, RADP-North selected beneficiaries for its conservation agriculture and contract activities, established test plots and conducted needs assessments for the melon value chain, and conducted cashmere harvesting training. Conservation agriculture training is being provided on the wheat value chain. The $70 million RADP-West operates in Herat, Farah, and Badghis Provinces. That project also seeks to promote increases in the productivity of wheat and high-value crops, including orchard crops and vegetables, and livestock.346

USAID is planning RADP-East, which will encompass Nangarhar and several other provinces, after the Incentives Driving Economic Alternatives for the North, East, and West (IDEA-NEW) program closes later this year.

**Value chain:** the range of goods and services necessary for an agricultural product to move from the farm to the final customer or consumer. It encompasses the provision of inputs, actual on-farm production, post-harvest storage and processing, marketing and transportation, wholesale and retail sales.

Source: USAID, response to SIGAR vetting, 4/12/2015.
RADP-East will focus on strengthening value chains, working with input suppliers, market intermediaries and other agribusinesses, particularly in the Jalalabad area, and working less directly with farmers. RADP-East is in the solicitation phase and expects to identify a contractor by late November. Program implementation would probably begin in January 2016, creating a short lag between the close-out of IDEA-NEW and the start-up of RADP-East.347

Though a majority of projects are up and running, progress against targets has not been realized. According to the implementing partner, it could be a long time before outcome indicators are attained. RADP-South, for instance, has not shown increased productivity for the number of farmers growing wheat or the number of farmers in selected value-chains. Likewise, there is no quarterly information on the number of firms (small, medium, and large businesses) with an increased financial return as a result of project assistance. Over 15,000 individuals received short-term agricultural productivity or food security training and over 11,500 households benefitted from alternative development or agriculture interventions this quarter; yet the number of farmers growing high value crops or the number of hectares under improved technologies or management practices as a result of U.S. assistance is zero. Despite the reported number of trainings or individuals trained, only 11 private enterprises, producers’ organizations, women’s groups, and community-based organizations reported that they applied the new technologies or management practices from the trainings.348 RADP-South expenditures totaled $8.1 million last quarter and 70% of its $50.9 million obligated amount had been spent as of June 30, 2015.349 Progress for various performance indicators may not materialize until several months in the future, but results after two years are underwhelming in light of the funds spent.

As of September 30, 2015, USAID has made cumulative disbursements of $11.0 million on RADP-North, $37.9 million on RADP-South, and $10.5 million on RADP-West.350 For summary information on this alternative-livelihood program, see Table 3.14 on page 122 of this report.

Commercial Horticulture and Agricultural Marketing Program

The Commercial Horticulture and Agricultural Marketing (CHAMP) program is a $45 million USAID program designed to boost agricultural productivity and food security, provide market opportunities, and decrease poppy production. CHAMP works to reduce poverty among rural Afghan farmers by assisting them to shift from relatively low-value subsistence crops, such as wheat and corn, to high-value crops such as fruits and vegetables.

CHAMP has worked in 17 provinces of Afghanistan, providing training in agricultural best practices, building storage facilities such as cool rooms and raisin-drying facilities, and helping grape farmers convert from
traditional ground-level vineyards to higher-output trellis systems. CHAMP also helps stimulate farm exports by linking farmers to traders, and traders to high-paying markets. CHAMP includes women in many of its activities in an effort to integrate them into the mainstream agricultural sector. The program has been extended an additional two years until December 2016 to reinforce gains made in the export sector and increase Afghan exports to regional supermarkets by up to 10,000 metric tons annually.

CHAMP is carrying out activities throughout six main value chains (apples, apricots, almonds, grapes, melons, and pomegranates). The program focuses on improving horticultural and marketing practices to produce high-quality fruit for high-value markets such as the United Arab Emirates and India. Since 2010, CHAMP’s various achievements include training 107,000 farmers, including 3,000 women, to improve agricultural techniques; planting nearly three million saplings and root cuttings benefiting 19,500 farmers; and exporting 29,500 tons of produce valued at $33 million to international markets. CHAMP enabled the construction of over 230 storage facilities and created over 7,500 full-time jobs in agribusiness.

As of September 30, 2015, USAID has disbursed $44.1 million for CHAMP projects. For summary financial information on this program, see Table 3.14 on page 122 of this report.

**Incentives Driving Economic Alternatives for the North, East, and West**

The mission of USAID’s $160 million IDEA-NEW program was to expand the licit agricultural economy in the northern, eastern, and western regions of the country. It was launched in March 2009 and ended in September 2015. Since 2013, IDEA-NEW has concentrated its efforts on the eastern region and on fruit and vegetable value chains.

An evaluation of IDEA-NEW’s impact on opium production, using Nangarhar Province as a case study, found “that none of the monitoring and evaluation mechanisms adopted by the IDEA-NEW program . . . assess how different project activities might impact on opium poppy cultivation.” The report found that in districts where IDEA-NEW was able to maintain a presence and continue working with farmers, opium cultivation levels declined. However, in more remote areas, where the contractor was forced to leave due to deteriorating security, opium cultivation levels increased. The initial investments made by IDEA-NEW in terms of improving infrastructure and improving irrigation systems and introducing orchard crops and higher value crops were not, in and of themselves, sufficient to reduce poppy cultivation. A longer-term commitment was needed to ensure that farmers were able to sustain the new technologies. The report cautioned that evaluating the impact of IDEA-NEW is complex, given:

- insecurity in areas of the province
Security

- factors other than development assistance that contribute to reduced opium cultivation
- numerous interventions in the region from other international organizations

As of September 30, 2015, USAID has disbursed $155.9 million to date for IDEA-NEW activities. For financial information on IDEA-NEW and other alternative-livelihood programs, see Table 3.14 on page 122 of this report. Please see SIGAR’s April 2015 Quarterly Report to the United States Congress for more information on IDEA-NEW.

Interdiction Operations and Results

DOD reported that from July 1 to September 14, 2015, Afghan security forces and law-enforcement agencies conducted 23 drug-interdiction operations resulting in 50 detained individuals. Most interdiction activities occurred in the northern region of the country. These operations included routine patrols, cordon-and-search operations, vehicle interdictions, and detention operations.

This year, the U.S. military stopped providing Afghans with logistical and intelligence support for counternarcotics activities; however, DEA continues to provide mentoring and support to specialized Afghan investigative units. The U.S. military still provides logistics support to the SMW. The SMW, a unit of the ANDSF, is a fleet of fixed- and rotary-wing aircraft supporting counternarcotics and counterinsurgency operations. More information on SMW can be found on page 106 of the Security section of this report.

According to DOD, the security situation and the closure of the Interagency Operations Coordination Center (IOCC) have hindered counternarcotics activities in Afghanistan. In particular, operations in the south, southwest, and north are now extremely difficult to conduct due to the decrease in security forces and the increase in Taliban attacks, particularly in Musa Qala and Kunduz. The IOCC was a key targeting and planning center, integral to counternarcotics operations.

The lack of an in-country capability to combine intelligence and operations planning has made it more difficult for counternarcotics forces to carry out missions. Select IOCC members have been relocated to the Regional Narcotics Interagency Fusion Cell (RNIFC) in Bahrain. The RNIFC does not specifically target raw or processed opium. It was created to track and interdict the illicit movement of Afghan heroin shipped by dhows (ocean-going sailboats) to the Middle East and East Africa. The RNIFC targets dhow trafficking within the Arabian Sea and focuses on key narcotics traffickers.

DOD stated in its June 2015 Report on Enhancing Security and Stability in Afghanistan that direct international assistance to the Counter
Afghan operations during this period also resulted in the reported seizures of the following narcotics contraband:

- 2,435 kg of opium
- 60 kg of heroin
- 8,877 kg of hashish/marijuana
- No seizures of precursor chemicals

As shown in Table 3.15, interdiction results have been declining since 2012.

According to DOD, vetted Afghan units have successfully conducted complex counterdrug investigations and operations without Coalition assistance. However, the drawdown of Coalition forces and the increase of large-scale attacks by the Taliban have had an impact on Afghanistan’s ability to conduct counternarcotics interdiction operations, particularly in Kunduz, Kandahar, and Helmand Provinces. DOD is putting more focus on using Afghan counternarcotics forces to attack counternarcotics/insurgent-nexus targets. This should open up more enablers, support the security effort, and increase training and operations.

**Aviation Support**

State counternarcotics support to DEA consisted of 35.57 flight hours, 36 sorties, 602 personnel transported, and 33,071 pounds of cargo moved. The last DEA interdiction mission was flown in May 2015. Additionally, the Air Wing in Afghanistan provided INL with a total of 33.4 flight hours of support, conducted 128 sorties, moved 326 passengers, and transported 10,630
pound of cargo. INL and DEA will continue to use the air assets of Embassy Air for movements.

The INL air-wing element at Kandahar Airfield officially closed in June 2015, limiting INL’s ability to support tactical operations in the south and southwest regions of the country. That element provided rotary-wing assets in support of DEA missions in southern Afghanistan. According to INL, a specially trained Afghan counternarcotics police unit will continue to operate in the area, with a National Interdiction Unit (NIU) platoon based at the Kandahar Regional Law Enforcement Center. NIU officers continue to perform operations using aircraft from the DOD-funded SMW.362
# Governance Contents

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As of September 30, 2015, the United States had provided nearly $31.8 billion to support governance and economic development in Afghanistan. Most of this funding, more than $18.6 billion, was appropriated to the Economic Support Fund (ESF) administered by the State Department and the United States Agency for International Development (USAID).

**KEY EVENTS**

On September 5, international donors met with Afghan government officials in Kabul for the second Senior Officials Meeting (SOM) to refresh mutual-accountability measures agreed upon at the 2012 donors’ meeting in Tokyo. Delegations from 41 countries and 11 international agencies along with ministers and senior officials of the Afghan government and representatives of Afghan civil society and private sector attended the SOM.³⁶³

Despite hopeful steps last quarter, reconciliation efforts stalled following an internal power struggle within the Taliban after the confirmation that Taliban leader Mullah Mohammad Omar had died in 2013 and after subsequent Taliban attacks in Kabul, Kunduz, and elsewhere. Several high-ranking Afghan government officials accused Pakistan of sabotaging the peace talks, with the acting minister of defense saying that an “undeclared war [between Afghanistan and Pakistan] has turned into a declared war.”³⁶⁴ Additionally, Chief Executive Abdullah Abdullah stated that Afghanistan would no longer seek Pakistan’s assistance in facilitating talks with the Taliban.³⁶⁵

In August, the Special Elections Reform Commission (SERC) presented 11 recommendations to change Afghanistan’s method for holding elections. Shortly thereafter, President Ashraf Ghani issued a decree approving seven of the 11 recommendations. There was disagreement over recommended changes to the electoral system, electoral constituencies, and mechanisms for addressing electoral challenges and complaints. President Ghani also extended the SERC’s mandate until the end of December. The SERC has until December 21, 2015, to elaborate on the legal, technical, and practical aspects of the remaining recommendations.³⁶⁶
Governance

NATIONAL UNITY GOVERNMENT

Refreshed Mutual Accountability

On September 5, international donors, Afghan officials, and others met in Kabul for the second SOM. The meeting was a continuation of the high-level meetings held every year to follow up on the mutual commitments from the July 2012 Tokyo Conference. The September session was the first high-level meeting since the new Afghan government presented its reform agenda called “Realizing Self-Reliance” at the December 2014 London Conference. The purpose of the SOM was to review progress on the Afghan reform program, discuss key policy issues, and to jointly decide the way forward.

The Afghan government presented a post-London Conference self-assessed progress report in nine areas ranging from governance to economic cooperation. The report acknowledged that the Afghan government faces significant challenges across several sectors, “is still at the bottommost register of nearly every international indicator of effective development,” and that some previously positive trends have slowed significantly or have even reversed. The Afghan government also admitted that insecurity and aid dependency have created a situation in which “both donors and the [Afghan] government are to some extent locked into a partnership they cannot avoid.”

Despite the somber assessment of the challenge, the Afghan government was fairly upbeat regarding the progress of its reforms. As shown in Table 3.16, the Afghan government gave itself passing scores in a number of reform areas. The government noted that these assessments should be interpreted as indicating “whether the government has satisfactorily advanced to the starting gate, not to the finishing line.”

As a result of the September SOM, the Tokyo Mutual Accountability Framework (TMAF) has now transitioned to the Self-Reliance through Mutual Accountability Framework (SMAF). The SMAF will now guide the activities of the Afghan government and the international community at least to the end of the term of the present government. The SMAF covers six areas: (1) improving security and political stability (with three associated indicators); (2) anticorruption, governance, rule of law, and human rights (14 indicators); (3) restoring fiscal sustainability and integrity of public finance and commercial banking (nine indicators); (4) reforming development planning and management, and ensuring citizens’ development rights (three indicators); (5) private-sector development and inclusive growth and development (four indicators); and (6) development partnerships and aid effectiveness (eight indicators).

In addition to the SMAF indicators, there are 39 short-term deliverables across the same six areas that are collectively due to be completed by the end of 2016.
Overall, SOM donors reaffirmed their Tokyo commitment of providing $16 billion through 2015, and sustaining support through 2017 at or near the levels of the past decade. USAID said that although it cannot identify funds directly related to compliance or noncompliance with SMAF targets and indicators, noncompliance with SMAF indicators could erode donor confidence and reduce aid contributions.

Electoral Reform Challenges

The 2014 presidential elections, which international monitors noted had experienced substantial fraud, highlighted Afghanistan's continuing need for electoral reforms. As the United Nations Secretary-General observed in June, "comprehensive electoral reforms will be crucial for restoring the faith of the Afghan people in the democratic process."

Overhauling the electoral process was a central part of the power-sharing deal brokered by the United States between President Ghani and his former election rival, current Chief Executive Abdullah, after the troubled presidential elections. The September 2014 agreement that led to formation of the national-unity government called for immediate establishment of a special commission for election reform with the aim of implementing reform before the 2015 parliamentary elections, and distribution of electronic identity cards to all Afghan citizens as quickly as possible.

Following its establishment on July 16, SERC members traveled across Afghanistan to collect Afghan views and proposals to implement fundamental reforms in the nation's electoral system. On August 30, following a month of deliberations, the SERC chairman presented first-phase recommendations to Chief Executive Abdullah. The 11-point SERC recommendations concentrated on issues such as changes in electoral system, changes to education requirements for Independent Election Commission (IEC) and Independent Electoral Complaints Commission (IECC) members, voter lists and voter re-registration, boundaries of election districts and location of polling centers, and mechanisms for addressing electoral complaints and objections.

The day before the SERC presentation to Abdullah, two of the 14 SERC officials resigned in protest of what they claimed was a predetermined set of reforms advanced by the other SERC members. The disagreement focused on the proposals to change the electoral system for parliamentary elections. Currently Afghanistan has a single nontransferable vote system. The SERC proposed a parallel system, while the protesting SERC members favored a first past the post system.

On September 6, President Ghani issued a decree accepting seven of the SERC's recommendations for short-term reforms and tasked the Ministry of Justice and the Office of Administrative Affairs to begin implementing the adopted recommendations. However, Ghani advised the SERC to continue assessing the recommended changes to the electoral system, electoral

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**Single nontransferable vote (SNTV):** the voting system currently in use in Afghanistan for the 34 provincial-level, multi-member constituencies in which each voter gets a single vote for a single candidate. The candidates that get the most votes win the number of seats available. Afghanistan, however, also has quotas that set aside a number of seats for women even if they are not the top vote recipient. The Afghanistan Research and Evaluation Unit (AREU) has argued that SNTV inhibits the development of parties since it does not allow groups of candidates to pool their votes so that support for one helps the group as a whole. Afghanistan is one of the only countries, along with Vanuatu, that use SNTV for legislative elections.

**SERC's parallel system:** a system proposed by SERC that would set aside one third of the seats of the lower house of parliament for political parties. The political parties would provide an open list with their preferred candidates. Those candidates would compete in an electoral constituency that covered the whole country. Only political parties that receive at least 3% of the overall vote would be eligible for seats in parliament. For non-party candidates, the SERC proposed that smaller constituencies be established within provinces to create one to five member constituencies. Japan and South Korea are among the 33 countries that use a parallel system for legislative elections.

**First past the post (FPTP):** a system in which voters are assigned to electoral districts and are able to cast a single vote for a candidate. The candidate with the most votes wins. This system is generally used where a single individual represents the district. The SERC dissents argued that a FPTP system will improve the links between constituents and their representatives. The United States and United Kingdom are among the 62 countries that use FPTP for legislative elections.

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Governance

Special Inspector General for Afghanistan Reconstruction

Constituencies, and the mechanisms for addressing electoral challenges and complaints. Ghani also extended the SERC’s mandate until the end of December. The SERC has until December 21, 2015, to elaborate on how the three recommendations would work. A new SMAF short-term deliverable requires the SERC to provide its recommendations and the Afghan government to begin implementing reforms by the first half of 2016.

Among the recommendations accepted by President Ghani, the SERC called for distributing electronic identity cards (e-tazkera) as soon as possible and invalidating existing voting cards. There have been plans since 2009 to introduce e-tazkera to reduce opportunities for ballot fraud. The e-tazkera pilot project, however, did not make significant progress during the quarter. On June 28, USAID stopped funding the pilot program due to lack of progress and the lack of a clear commitment of Afghan government agencies; the European Union ended its salary assistance for the pilot. According to State, the Afghan government has delayed implementation of the e-tazkera pilot due to the ongoing political controversy over including ethnicity and/or nationality on the cards.

International donors have reduced funding for Afghan electoral organizations due to the lack of an electoral schedule and insufficient progress towards electoral reform. Consequently, the IEC reduced its staff from 911 to 504. Both the IEC and IECC reached a formal agreement with the Afghan Ministry of Finance (MOF) for funding from the regular government budget. Starting in early July and continuing to the end of the Afghan fiscal year (FY) at the end of 2015, the Afghan government budget includes funding for key IEC and IECC staff positions and daily operational expenses. In late 2015, the MOF will work with the Independent Administrative Reform and Civil Service Commission (IARCSC) to transition IEC and IECC staff to full support from the 2016 Afghan government budget.

U.S. Assistance to the Afghan Government Budget

Summary of On-Budget Agreements

To improve governance and align development efforts with Afghan priorities, international donors at the 2010 Kabul Conference committed to increase to 50% the proportion of civilian development aid delivered on-budget through the Afghan government. Donors, including the United States, reiterated this pledge at the July 2012 Tokyo Conference and again at both the December 2014 London Conference and the September 2015 SOM.

According to the World Bank, donors collectively have met the 50% on-budget commitment, disbursed more than half of the Tokyo Conference pledges, and provided donor grants that are increasingly discretionary for the Afghan government to use as it sees fit. The MOF, however, reported

On-budget assistance: encompasses donor funds that are aligned with Afghan government plans, included in Afghan government budget documents, and appropriated by the parliament and managed by the Afghan treasury system. On-budget assistance is primarily delivered either through direct bilateral agreements between the donor and Afghan government entities, or through multidonor trust funds.

Off-budget assistance: encompasses donor funds that are excluded from the Afghan national budget and not managed through Afghan government systems.

that of all the bilateral and multilateral donors, only 12 managed to achieve or exceed the target of channeling 50% of official development assistance (ODA) through the on-budget system by volume of commitment, and only nine achieved or exceeded the same target by volume of disbursement.391

As shown in Table 3.17, USAID expects to spend $1.07 billion dollars on active direct bilateral-assistance programs. It also expects to contribute $1.9 billion to the Afghanistan Reconstruction Trust Fund (ARTF), on top of $1.37 billion disbursed under the previous grant agreement between USAID and the World Bank. USAID has disbursed $105 million to the Afghanistan Infrastructure Trust Fund (AITF).392

The U.S. government announced in March that it intends to seek funding to support the Afghan National Defense and Security Forces (ANDSF), including army and police, at the level of 352,000 personnel through at least 2017.393 The Department of Defense (DOD) requested and received $4.1 billion for the ANDSF in its FY 2015 budget,394 which will help sustain the end strength of 352,000 through 2015, and has requested $3.8 billion in the FY 2016 budget.395

### Table 3.17

**USAID On-Budget Programs**

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<tr>
<th>Project/Trust Fund Title</th>
<th>Afghan Government On-Budget Partner</th>
<th>Afghan Government On-Budget Partner</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 9/30/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bilateral Government-to-Government Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Transmission Expansion and Connectivity Project (PTEC)</td>
<td>Da Afghanistan Breshna Sherkat (DABS)</td>
<td>Yes</td>
<td>1/1/2013</td>
<td>12/31/2018</td>
<td>$670,000,000</td>
<td>$52,730,385</td>
</tr>
<tr>
<td>Partnership Contracts for Health Services (PCH) Program</td>
<td>Ministry of Public Health (MOPH)</td>
<td>Yes</td>
<td>7/20/2008</td>
<td>12/31/2015</td>
<td>259,663,247</td>
<td>228,899,313</td>
</tr>
<tr>
<td>Kajaki Unit 2 Project (Installation of Turbine Generator Unit 2 at Kajaki Dam Hydropower Plant)</td>
<td>DABS</td>
<td>Yes</td>
<td>4/22/2013</td>
<td>12/31/2015</td>
<td>75,000,000</td>
<td>33,604,487</td>
</tr>
<tr>
<td>Afghanistan Workforce Development Project (AWDP)</td>
<td>Ministry of Education (MOE)</td>
<td>Yes</td>
<td>9/18/2013</td>
<td>4/3/2016</td>
<td>30,000,000</td>
<td>1,321,456</td>
</tr>
<tr>
<td>Basic Education, Literacy, and Training (BELT) - Textbooks Printing and Distribution</td>
<td>MOE</td>
<td>Yes</td>
<td>11/16/2011</td>
<td>12/31/2015</td>
<td>26,996,813</td>
<td>24,436,268</td>
</tr>
<tr>
<td>E-Government Resource Center (EGRC)</td>
<td>Ministry of Communications and Information Technology (MOICT)</td>
<td>Yes</td>
<td>8/28/2013</td>
<td>6/1/2016</td>
<td>3,900,000</td>
<td>30,000</td>
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<tr>
<td><strong>Multi-Donor Trust Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afghanistan Reconstruction Trust Fund (ARTF) (current award)*</td>
<td>Multiple</td>
<td>No</td>
<td>3/31/2012</td>
<td>3/31/2017</td>
<td>1,900,000,000</td>
<td>1,058,302,620</td>
</tr>
<tr>
<td>Afghanistan Infrastructure Trust Fund (AITF)**</td>
<td>Multiple</td>
<td>No</td>
<td>3/7/2013</td>
<td>3/6/2018</td>
<td>113,670,184</td>
<td>105,000,000</td>
</tr>
</tbody>
</table>

Note:
* USAID had a previous award to the ARTF that concluded in March 2012 and totaled $1,371,991,195 in disbursements. Cumulative disbursements from the two ARTF awards are currently $2,430,293,815.
** On October 9, 2014, USAID de-sub-obligated $179,500,000 from the AITF.
Source: USAID, response to SIGAR data call, 10/8/2015.
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Previously, at the 2012 Chicago Conference, the United States and its allies committed to financially support the Afghan security forces with its estimated annual budget of $4.1 billion. However, that estimated budget was for a reduced force of 228,500 personnel. At the September 2014 Wales Summit, NATO allies and partners renewed their commitment to contribute significantly to financial sustainment of the ANDSF through the end of 2017 and to financially sustain the ANDSF over the next 10 years. The international community has pledged an additional amount of almost €1 billion, or approximately $1.29 billion, annually to sustain the ANDSF for 2015 through the end of 2017.

For 2015, DOD expects to contribute $108 million for police salaries to the Ministry of Interior (MOI) through the United Nations Development Programme’s (UNDP) Law and Order Trust Fund for Afghanistan (LOTFA). On June 30, the MOI announced that LOTFA would be extended for 18 months, after which MOI will assume full management of police salary payments.

DOD also expects to contribute approximately $1.6 billion this year in direct contributions to the Ministry of Defense (MOD) and approximately $553 million in direct contributions to the MOI.

Civilian On-Budget Assistance

USAID provides on-budget civilian assistance through (1) bilateral agreements with four Afghan government entities and (2) through contributions to two multidonor trust funds, the ARTF and the AITF. According to USAID, all bilateral-assistance funds are deposited in separate bank accounts established by the MOF for each program.

The ARTF, administered by the World Bank, provides funds to both the Afghan government’s operating and development budgets in support of Afghan government operations, policy reforms, and national-priority programs. The AITF, a multidonor trust fund administered by the Asian Development Bank, coordinates donor assistance for infrastructure projects in Afghanistan. According to USAID, the majority of on-budget funding has been and will continue to be directed through the multidonor trust funds, particularly the ARTF.

According to USAID, the World Bank, as the ARTF administrator, employs a systematic approach to minimizing the exposure of ARTF funds to fiduciary risk. This includes policies, procedures, and practices to identify, analyze, evaluate, and then address and monitor risk. The World Bank provides technical assistance to the Afghan government to ensure that such systems are in place and strengthened.

According to the latest report by the World Bank’s recurrent-cost window monitoring agent available to USAID, 46% of the sampled recurrent-cost window expenditures for the first quarter of Afghan FY 1394 were deemed ineligible. According to the monitoring agent, all the ineligible
were avoidable and 48% can be rectified with the provision of additional documents by the Afghan government. Ineligible costs were split equally between operations and maintenance and salary costs. The main reasons expenditures were deemed ineligible included: (1) missing procurement files and forms (41% for non-payroll-based salary expenditures, 38% for payroll-based salary expenditures, and 37% for operation and maintenance costs) and (2) missing authorized approval for the expense (41% for non-payroll-based salary expenditures).

This quarter, USAID released the first $100 million tranche of funds for the $800 million, USAID-administered New Development Partnership (NDP). The NDP utilizes already budgeted or requested funding and is delivered via the ARTF. The NDP contains its own, independent conditions that were negotiated bilaterally between the U.S. and Afghan governments. In August, the U.S. and Afghan governments signed a memorandum of understanding (MOU) governing the NDP that proposed 40 development results the Afghan government will be expected to achieve. Currently, 31 development results and indicators have been agreed to, with nine to be determined. USAID noted that the results and indicators for 2017 and beyond may be modified given Afghanistan’s uncertain future. The Afghan government will receive $20 million through U.S. funds provided via the ARTF’s recurrent-cost window for achieving each development result.

The five indicators met this quarter to justify the release of $100 million included: (1) approval of a Staff Monitored Program (SMP) by the International Monetary Fund (IMF); (2) signing of civil airspace-management contract; (3) piloting of the customs department e-payment system at one border crossing; (4) establishment and regular meeting of the of the National Procurement Committee (NPC); and (5) approval of a National Action Plan for Women, Peace, and Security. In March, a senior U.S. official was quoted as saying a key feature of the NDP was that conditions for release of funds were “not going to be short-term, check the box, do this thing, make this reform.” Rather, the NDP conditions were to require “more substantial reforms or development outcomes.”

In December 2014, the U.S. Embassy Kabul negotiated direct access to the Afghanistan Financial Management Information System (AFMIS) as one of two conditions for the accelerated release of $25 million to address a severe Afghan government budget gap. Direct AFMIS access was intended to give U.S. officials the ability to analyze Afghan government expenditures in real time. Technical issues, however, continue to prevent the U.S. Embassy Kabul from connecting to AFMIS. According to USAID, embassy personnel receive fiscal data on the Afghan government’s budgets but are unable to generate more detailed, custom reports such as Afghan government revenue broken out by province and source. State, however, now questions the value of having U.S. government personnel review the raw AFMIS data.
On-Budget Assistance to the ANDSF

A large portion of on-budget U.S. assistance is for the Afghan security forces. DOD provides on-budget assistance to the Afghan government through (1) direct contributions from the Afghanistan Security Forces Fund (ASFF) to the MOD and the MOI, and (2) ASFF contributions to the multi-donor LOTFA.\footnote{415} Administered by the UNDP, LOTFA primarily funds Afghan National Police (ANP) salaries and incentives.\footnote{416} Direct-contribution funding is provided to the MOF, which allots it incrementally to the MOD and MOI, as required.\footnote{417}

In February 2011, the Under Secretary of Defense Comptroller authorized the Combined Security Transition Command-Afghanistan (CSTC-A) to provide direct contributions to the Afghanistan government from ASFF to develop ministerial capacity and capability in the areas of budget development and execution, acquisition planning, and procurement. CSTC-A administers all contributions of ASFF resources to the MOD and MOI. CSTC-A monitors and formally audits the execution of those funds to assess ministerial capability, ensure proper controls and compliance with documented accounting procedures, and compliance with the provisions in the annual commitment letters.\footnote{418}

The commitment letters express CSTC-A’s conditions for MOD and MOI assistance. The FY 1394 commitment letters contain 45 conditions for the MOD and 48 for the MOI.\footnote{419} MOI and MOD compliance with the conditions in the FY 1394 commitment letters has been mixed, CSTC-A said. The majority of conditions—35 for MOI and 32 for MOD—have satisfactory progress to date. Table 3.18 provides the number of conditions by status as assessed by CSTC-A.\footnote{420}

TABLE 3.18

<table>
<thead>
<tr>
<th>Status</th>
<th>Number of MOD-specific conditions</th>
<th>Number of MOI-specific conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory progress to date</td>
<td>35</td>
<td>32</td>
</tr>
<tr>
<td>Insufficient progress due to ministry failure, with no financial penalty</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Insufficient progress due to ministry failure, with financial penalty</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Insufficient progress due to factors beyond ministry control</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Unresolved</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>


According to CSTC-A, the conditions and related penalties requiring the MOI and MOD to input personnel information into the Afghanistan Human Resources Information System (AHRIMS) were examples of successful conditionality. Both the MOI and MOD made significant progress towards
slotting personnel in AHRIMS following, in the MOI’s case, imposition of progressively increasing penalties. After the MOI missed a March 1 deadline to have all police records loaded into AHRIMS, CSTC-A levied a 1% penalty on MOI operations-and-maintenance funds for March and April, and a 5% penalty in May. CSTC-A has now shifted its focus to validating the data loaded into AHRIMS.421

For the commitment-letter conditions that were not met or enforced, CSTC-A deemed the circumstances were outside of MOD or MOI control. Generally, these conditions fell into one of three areas:

- conditions based on assumptions about Afghan capacity and capability that did not mature as anticipated
- conditions based on metrics or conditions that were not measurable or assessable as originally anticipated
- conditions whose enforcement as written would have been overly detrimental to key capabilities required to execute fighting season 2015422

An example of an unmet and unenforced condition was the MOD’s failure to provide an annual inventory of weapons. If the MOD failed to meet this condition, CSTC-A was to freeze future delivery of weapons. According to CSTC-A, the MOD has failed to provide reports, annual or otherwise, for either night-vision devices or weapons. However CSTC-A did not enforce the commitment-letter condition, as enforcement would have negatively affected the MOD’s capability during the 2015 fighting season.423

CSTC-A has faced difficulty in defining conditions for their contributions to the LOTFA. In December 2014, CSTC-A sent UNDP a draft commitment letter that would allow CSTC-A to delay, reduce, or withhold UNDP’s administrative fees—administrative fees constituted 4% of the CSTC-A contribution to LOTFA for a total of $4.4 million—if UNDP did not meet the conditions of the commitment letter. UNDP, however, disagreed with the draft language on conditions and penalties. A compromise between CSTC-A and UNDP led to moving the disputed language from the actual commitment letter and placing it in a CSTC-A cover letter to communicate CSTC-A’s intent to apply more rigor in oversight of LOTFA funds. According to CSTC-A, the commitment letter signed in March 2015 is not a binding legal contract, so each LOTFA donor country can decide whether or not they will honor their commitment throughout the year with no legal ramifications.424

CSTC-A’s total contribution to the MOD FY 1394 budget is 89.47 billion afghani (approximately $1.6 billion using an exchange rate of 56 afghani per dollar).425 CSTC-A’s total contribution to the MOI FY 1394 budget is 30.99 billion afghani (approximately $553 million using the same exchange rate).426

In February, Ghani established the NPC to centralize procurements of large contracts under a presidential commission consisting of a core group of Afghan officials with “impeccable credential[s] for honesty.”427 According
to the Afghan government, the NPC has approved 219 projects, returned for correction 41 projects, and rejected 28 projects as of August 17, 2015. The Afghan government also claims a savings of approximately $130 million on $919 million of projects evaluated by the NPC.\textsuperscript{428}

Ghani’s effort to reduce procurement-related corruption has slowed procurement and created what CSTC-A has labeled the “[Afghan fiscal year] 1394 Procurement Crisis.”\textsuperscript{429} Of the 648 MOD requirements, 329 have been submitted to the MOD acquisition agency and 149 contracts have been awarded, an increase from the 31 contracts awarded as of last quarter. The MOI is experiencing a similar backlog with 925 defined requirements, 378 of which have been submitted to the MOI procurement directorate, and 83 contracts have been awarded, an increase from 47 contracts awarded as of last quarter. According to CSTC-A, the procurement backlog significantly limits the opportunities to successfully transition off-budget contracts to on-budget procurement.\textsuperscript{430}

**NATIONAL GOVERNANCE**

**Capacity-Building Programs**

USAID capacity-building programs seek to improve Afghan ministries’ ability to prepare, manage, and account for on-budget assistance. These programs also provide general assistance to support broader human and institutional capacity-building of Afghan government entities.\textsuperscript{431} As shown in Table 3.19, active programs include USAID’s $31 million Leadership, Management, and Governance Project that aims to strengthen Afghanistan’s financial-management systems and the capacity of the Ministry of Public Health and the Ministry of Education to meet requirements set at the 2010 Kabul International Conference for increased on-budget aid.\textsuperscript{432} USAID is also funding the Ministry of Women’s Affairs Organizational Restructuring and Empowerment (MORE) project, a $15 million project that, among other things, assists the ministry to improve its financial management, as required for future on-budget assistance.\textsuperscript{433}

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Afghan Government Partner</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 9/30/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Women’s Affairs Organizational Restructuring and Empowerment (MORE)</td>
<td>Ministry of Women’s Affairs</td>
<td>12/20/2012</td>
<td>12/19/2015</td>
<td>14,182,944</td>
<td>7,237,481</td>
</tr>
</tbody>
</table>

Source: USAID, response to SIGAR data call, 10/8/2015.
This quarter, USAID conducted eight rounds of consultations with the Ministry of Women’s Affairs (MOWA) to learn the new minister’s vision and how MORE can assist. The new minister’s priorities for MORE include recruiting senior-level Afghan women’s rights advocates who would assist the minister in the areas of donor coordination, strategic planning, program implementation, and communications and outreach; supporting the MOWA’s renovation of Zainab Auditorium for use in events, conferences, trainings, and presentations; assisting MOWA in developing a five-year strategic plan; extending the MORE scholarship program for ministry staff in Kabul and the provinces; and training MOWA staff in production of provincial profiles and status-of-women reports. According to USAID, these recommendations have been incorporated into MORE’s revised program.434

Also this quarter, MORE provided 76 scholarships for MOWA staff to attend private Afghan universities; provided English language classes to 100 MOWA staff; trained 80 MOWA staff on the National Action Plan for Women in Afghanistan; and funded MOWA’s national awareness-raising campaign on women’s rights.435

National Assembly
Parliament was in recess for much of the quarter, followed by Ramadan and the first Eid holiday. Consequently, parliament carried out relatively few oversight actions as neither plenary sessions and commission sessions were held.436

Despite a constitutional requirement to hold elections 30–60 days prior to the expiration of the Wolesi Jirga (the lower house) term, the lower house’s term expired on June 22, 2015, with no elections held. President Ghani granted an extension to the lower-house members, but critics called that unconstitutional. According to USAID, the delay in parliamentary elections for the lower house has added to a general sense of frustration with the Afghan government. Within parliament there were increased political tensions between the two houses, with members of the upper house questioning the legitimacy of the lower house due to the lack of new parliamentary elections.437 The IEC has suggested two possible dates for holding lower-house and district-council elections in May or September 2016, but no date has yet been announced.438

According to State, Afghanistan’s parliament continues to demonstrate growing capacity and political maturity. While fractious, the parliament is capable of protecting its legislative equities with the executive branch and directing a public spotlight on ministries. However, staffing struggles, corruption, and low levels of education and experience continue to plague the body.439

Parliament also held hearings and summoned various government officials during the quarter including:
GOVERNANCE

- On September 19, the Minister of Counter-Narcotics was questioned on increased drug cultivation and addicts, lack of medical centers, and drug sales.
- On September 30, the Minister of Interior, the National Directorate Security (NDS) Chief, the Deputy Chief of Staff of the Afghan Army, the Deputy Advisor to National Security Council, and the Independent Directorate Local Governance (IDLG) Chief provided a briefing on the fall of Kunduz.
- On October 3, the Minister of Border and Tribal Affairs was questioned on the reported MOU with the Taliban that applied to peace and stability in Dandi Ghori District, Baghlan Province.
- On October 5, the Minister of Martyred, Disabled, Labor, and Social Affairs and the acting Minister of Refugees and Repatriation testified on youth issues including emigration, youth unemployment, Taliban recruitment, and drug addiction.440

USAID funds the $23.5 million Assistance to Legislative Bodies of Afghanistan project (ALBA) to help Afghanistan’s parliament operate as an independent and effective legislative, representative, and oversight body.441 ALBA provides assistance through the Afghanistan Parliamentary Institute (API) to increase Afghan ownership and sustainability of its programs. The API conducts specialized training for members of parliament and support staff as needed. According to USAID, API conducted 70 different trainings over the past two years on topics including legislative drafting, research, legislative process, parliamentary oversight, committee procedure, national budget, and other administrative and management issues. In addition, API conducts an annual training-needs assessment for upper- and lower-house staff.442

In June, USAID issued a contracted midterm performance evaluation of ALBA. The evaluation found that although many ALBA-provided trainings are well received by participants, more-technical trainings tended to be too short and lack sufficient detail. Additionally, ALBA’s support to legislative capacity building often took the form of direct technical assistance by ALBA staff rather than teaching parliamentary personnel skills to perform legislative analysis, drafting, and amendment functions unaided. The result was capacity substitution rather than capacity building. The evaluation noted that several factors beyond ALBA’s control might justify capacity substitution, such as disproportionate executive-branch influence in developing legislation, lack of legislative-branch budget independence, the “brain drain” as previously trained staff leave for higher-paying jobs elsewhere, and constitutional time limits for passing legislation.443

Over the past quarter, ALBA supported the following parliamentary oversight trips in the provinces:
• **Kunduz:** The first secretary of the upper house organized a public event on August 8 to examine the Afghan government’s handling of security matters, over 500 members of the public participated.

• **Balkh, Jowzjan, Sar-e Pul, and Faryab:** Budget and Finance Commission reviewed government performance in the execution of the development budget in these four provinces.444

### Subnational Governance

#### Rural Stabilization Programs

USAID has several stabilization programs aimed at helping the Afghan government extend its reach into unstable areas and building local governance capacity. The active programs include USAID’s Stability in Key Areas (SIKA) projects, the Community Cohesion Initiative (CCI) program, and the Afghan Civilian Assistance Program III (ACAP III).445 Table 3.20 summarizes total program costs and disbursements to date.

#### Table 3.20

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 9/30/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stability in Key Areas (SIKA) East</td>
<td>12/7/2011</td>
<td>9/6/2015</td>
<td>$145,000,000</td>
<td>$137,289,015</td>
</tr>
<tr>
<td>SIKA South*</td>
<td>4/10/2012</td>
<td>7/31/2015</td>
<td>82,076,234</td>
<td>78,916,121</td>
</tr>
<tr>
<td>SIKA West</td>
<td>1/29/2012</td>
<td>8/31/2015</td>
<td>54,000,000</td>
<td>50,730,931</td>
</tr>
<tr>
<td>Afghanistan Civilian Assistance Program (ACAP III)</td>
<td>4/20/2015</td>
<td>2/14/2018</td>
<td>30,223,597</td>
<td>9,644,000</td>
</tr>
<tr>
<td>Community Cohesion Initiative (North, West)**</td>
<td>9/10/2013</td>
<td>12/2015</td>
<td>29,569,265</td>
<td>20,286,508</td>
</tr>
</tbody>
</table>

Note:
* The disbursement data includes the total for both SIKA South awards.
** As of 9/23/2015.


The Measuring Impacts of Stabilization Initiatives (MISTI) program recently released the results of data collected in 107 districts between September and November 2014 as part of its mandate to determine whether USAID project activities caused changes in stability and resilience at the district and village levels. According to MISTI, stability was an aggregate measure of whether participatory local-development projects succeed in strengthening perceptions of good governance and effective service delivery, thereby improving citizens’ lives and addressing local grievances that might otherwise contribute to support for insurgents. Resilience, on the other hand, measures how well local leaders are able to mobilize their communities to solve local problems with or without government support.446
MISTI found that villages that received USAID stability programming registered lower scores for stability than those that did not receive assistance. MISTI hypothesized that the villages selected to receive assistance were initially relatively stable, with higher expectations that were frustrated due to the violence and uncertainty surrounding the presidential elections. MISTI also found that villages receiving SIKA assistance registered lower perceptions of Afghan government performance but higher perceptions of traditional-leader performance. USAID responded that while they agree that expectations in villages receiving assistance were likely higher, they do not believe that the lower stability scores were exclusively due to USAID’s stability projects.

MISTI also explored the relationship between USAID stability programs and the insurgency and found increased support for the Taliban when USAID stabilization programs were implemented in Taliban-controlled villages. Additionally, violence increased in government-controlled villages that received USAID stability projects. MISTI concluded that insurgents will purposely target villages because of stability projects. USAID responded that while they do not dispute that violent incidents occur in the vicinity of their stability projects, the direct, definitive correlation of USAID stability projects and violence is unsubstantiated. Additionally, USAID explains MISTI’s conclusion that stability programming in Taliban-controlled villages increases support for the Taliban as indicating the “Taliban substantially boosted its local popularity by allowing programming to take place in these villages.”

SIGAR AUDIT

SIGAR has an ongoing audit of the Measuring Impacts of Stabilization Initiatives (MISTI) project. This audit plans to (1) assess the extent to which the MISTI contractor provided third-party monitoring services in accordance with the terms of the contract; (2) assess the extent to which USAID considered MISTI program results in the planning and implementation of stabilization programs; and (3) identify challenges in MISTI, if any, with USAID using third-party monitoring to evaluate stabilization reconstruction programs, and the extent to which USAID has addressed those challenges.

A SIKA West-sponsored flood-protection wall being constructed by the community in Badghis Province. (USAID photo)
Stability in Key Areas
The objective of SIKA is to help district- and provincial-level Afghan government officials respond to the local population’s development and governance concerns, thus instilling confidence in the government and bolstering stability.⁴⁵¹ USAID intended the four SIKA programs to “be seen as an extension of the [Afghan government], not as increased foreign presence,” and stipulated that SIKA “must work within Afghan structures” in order to partner with the Afghan Ministry of Rural Rehabilitation and Development.⁴⁵²

Community Cohesion Initiative
USAID’s CCI program supports creating conditions for stability and development in conflict-prone and other priority areas of Afghanistan by (1) increasing cohesion within and between communities, (2) supporting peaceful and legitimate governance processes and outcomes, and (3) countering violent extremism. CCI currently works in 18 districts across six provinces in the north and west of the country.⁴⁵³

From July to September 10, CCI completed 146 activities. According to USAID, all CCI activities will be fully implemented by the end of October 2015 and the program will close in December 2015.⁴⁵⁴

Since July, security incidents and threats in Kabul have at times affected the ability of CCI personnel to travel to and from their offices or from their offices to the U.S. Embassy Kabul for meetings with USAID. According to USAID, the impact has been minimal, with CCI staff conducting more business remotely, via e-mail and phone. CCI expatriate staff faced challenges in traveling from Kabul to the provincial offices in northern and western Afghanistan due to security restrictions. However, USAID reports that this too has been mitigated with increased use of remote-management tools. While security in several CCI operating provinces has declined in the past quarter, CCI activities have largely proceeded as planned.⁴⁵⁵

Provincial and Municipal Programs
USAID recently started two subnational programs focused on provincial centers and municipalities: the Initiative to Strengthen Local Administrations (ISLA) and Strong Hubs for Afghan Hope and Resilience (SHAHAR) programs. Table 3.21 summarizes total program costs and disbursements to date.

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 9/30/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong Hubs for Afghan Hope and Resilience (SHAHAR)</td>
<td>11/30/2014</td>
<td>11/29/2017</td>
<td>$73,499,999</td>
<td>$6,584,726</td>
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<tr>
<td>Initiative to Strengthen Local Administrations (ISLA)</td>
<td>2/1/2015</td>
<td>1/31/2020</td>
<td>$62,364,687</td>
<td>2,475,394</td>
</tr>
</tbody>
</table>

Source: USAID, response to SIGAR data call, 10/8/2015.
GOVERNANCE

Initiative to Strengthen Local Administrations

The ISLA program is meant to enable the Afghan government to improve provincial governance in the areas of fiscal and development planning, representation of citizens, and enhanced delivery of public services. ISLA aims to strengthen subnational systems of planning, operations, communication, representation, and citizen engagement. This should lead to services that more closely respond to all citizens' needs in health, education, security, justice, and urban services.456

ISLA will operate out of five regional hubs: Kabul, Mazar-e Sharif, Jalalabad, Kandahar, and Herat. It plans work in 16 provinces, pending agreement with the Afghan government: Badghis, Baghlan, Balkh, Farah, Faryab, Ghazni, Ghor, Herat, Kandahar, Kunar, Laghman, Logar, Nangarhar, Parwan, Wardak, and Zabul.457

Last quarter, USAID reported that the IDLG was reviewing the 16 provinces identified in the ISLA contract.458 Following protracted discussions, IDLG agreed this quarter to maintain the 16 provinces listed in ISLA's scope of work.459

This quarter, ISLA completed a capacity assessment of the Ministry of Economy, and is holding discussions with IDLG to conduct the same assessment at IDLG.460

Strong Hubs for Afghan Hope and Resilience

The objective of the SHAHAR program is to create well-governed, fiscally sustainable Afghan municipalities capable of meeting the needs of a growing urban population. Targeted support to municipal governments, as well as to the General Directorate of Municipal Affairs and municipal advisory boards, aims to improve municipal financial management, urban service delivery, and citizen consultation. The program will focus on 16 small and medium-sized provincial capitals located within USAID's three designated Regional Economic Zones, as well as the four regional-hub provincial capitals of Kandahar, Herat, Mazar-e Sharif, and Jalalabad.461

This quarter, SHAHAR completed field work and data analysis for the Citizen Perception Surveys that covered all 20 SHAHAR municipalities. Four hundred respondents were interviewed in each municipality for a total of 8,000 interviews.462

SHAHAR examined municipal-revenue collection figures for the first two quarters of the year (as of June 21) for all SHAHAR municipalities except Jalalabad. SHAHAR found that the municipal collection of fixed (recurring) revenue has averaged only 28% of budgeted revenues, with non-fixed revenue collection averaging 11%, and total revenue collection averaging almost 20%. According to SHAHAR, municipal-revenue collections should have represented 50% of budgeted revenues.463


Regional Economic Zones: areas within Afghanistan that have the potential to develop into geographic centers of increased production and commerce, promising high and inclusive economic growth. The zones are expected to act as catalysts for improved food security, economic development, job creation, and increased regional trade, by targeting investments in key sectors that are considered to be drivers of economic growth.
RECONCILIATION AND REINTEGRATION
Initially promising direct peace talks between the Taliban and the Afghan government last quarter gave way to increased uncertainty following the announcement of the previously undisclosed 2013 death of Taliban leader Mullah Mohammad Omar. According to the United Nations Secretary-General, rather than ushering in greater peace, the conflict grew in both intensity and geographic scope over the quarter.464 Rifts emerging within the Taliban leadership fueled doubts about the Taliban’s commitment to a peace process.

In his first public message, the Taliban’s new leader, Mullah Akhtar Mohammad Mansoor, released a statement on August 1, 2015, calling for continued jihad and claiming the peace process was enemy propaganda.465 According to Resolute Support commander General John F. Campbell, it remains unclear whether Mullah Omar’s death and Taliban infighting will undermine or aid reconciliation efforts.466

Further complicating the peace effort, bilateral relations between Afghanistan and Pakistan deteriorated despite Pakistan’s previously constructive role as the host for the July 7 talks.467 As General Campbell observed, “for every two steps forward in [Afghanistan-Pakistan] relations, another is seemingly taken backwards.”468

The Pakistan and Afghan governments engaged in tit-for-tat recriminations throughout August and September. Following a series of attacks in Kabul, President Ghani called on Pakistan to take action against Taliban facilities in Pakistan. Ghani pointedly said, “We don’t want Pakistan to bring the Taliban to peace talks, but to stop the Taliban’s activities on their soil.”469 The rhetoric increased in mid-August when the Afghan acting minister of defense, Masoom Stanekzai, made statements that were understood by Afghan media as meaning that relations between Afghanistan and Pakistan had transitioned from “an undeclared war […] into a declared war.”470

After Afghanistan summoned Pakistan’s ambassador over a border incident, Pakistan summoned the Afghan ambassador over concerns that Afghan political leaders were engaged in a smear campaign against Pakistan.471 Following the September attack by the Pakistani Taliban against a Pakistani air force base in Peshawar, Pakistan claimed that the attack was planned from Afghan territory. The spokesman noted that Pakistan did not, however, believe that the Afghan government was involved. The Afghan government rejected the Pakistani claims, saying that Afghanistan never has and never will allow its territory to be used against other states.472

Despite the mutual accusations, Pakistan’s advisor to the prime minister on foreign affairs and national security, Sartaj Aziz, said that efforts were under way to revive peace talks and that Pakistan remained willing to facilitate talks if requested by the Afghan government.473

General Campbell told the Senate that Afghanistan and Pakistan’s political and military relations are likely to improve, albeit only incrementally
and on a transactional basis. Despite the challenges in bilateral relations, State said that Pakistan continues to make efforts to further an Afghan-led and Afghan-owned reconciliation process. According to State, both Afghanistan and Pakistan have worked to build stronger bilateral ties and have undertaken efforts to address their mutual concerns.

**Afghanistan Peace and Reintegration Program**

The Afghanistan Peace and Reintegration Program (APRP) is an Afghan-led program to reintegrate low-level insurgent fighters and their commanders into Afghan civil society. For more information, see SIGAR’s October 2014 Quarterly Report to the United States Congress, pages 149–151.

According to State, as of September 30, the APRP has facilitated a total of 10,578 reintegrees, 988 of whom were reportedly “commanders.” A total of 143 reintegrees are documented recidivists. Badghis and Baghlan Provinces saw the largest number of reintegrees: 1,604 and 1,204 respectively. The top reintegration provinces for 2015 are shown in Figure 3.28.

The number of reintegration requests declined following the July 2015 confirmation of Mullah Omar’s death. The number of reintegrees went from...
133 in July (up from 17 in June) after the July 7 peace talks, then decreased significantly to 40 in August after confirmation of Omar’s death and the Taliban’s subsequent leadership struggle. The numbers dropped to just one reintegree during September. According to UNDP, the significant drop could be attributed partially to the Eid-e Qurban holiday (September 23–26). The APRP Joint Secretariat expects the number of reintegrees to increase to 200 in October after it processes those in its backlog.478

The goal of APRP is to remove fighters and commanders from the battlefield. According to State, the latest estimate of active Taliban fighters ranges from 20,000 to 30,000.479

The Afghan High Peace Council has reported to State that information gathered from the APRP reintegree program has contributed to a broader understanding of insurgent leadership, structure, operations, sanctuaries, hideouts, funding resources, supporting countries, recruitment methods, goals and objectives, relationships with international and regional terrorist organizations, ideological narrative, and sympathizers.480

In March, the United States announced that it will provide up to $10 million to UNDP’s support to APRP. According to State, this assistance is meant to support APRP’s provincial efforts in the event of peace talks, improve APRP’s strategic-communications capacity, and bolster donor confidence following several months of wavering support.481

RULE OF LAW AND ANTICORRUPTION

Project Summary
The United States has assisted the formal and informal justice sectors through several mechanisms. These include the State Department’s Justice Sector Support Program (JSSP), and Justice Training Transition Program (JTTTP). These and other rule-of-law and anticorruption programs are shown in Table 3.22.

### Table 3.22

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 9/30/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrections System Support Program (CSSP III)*</td>
<td>1/1/2015</td>
<td>2/28/2016</td>
<td>22,161,965</td>
<td>10,639,917</td>
</tr>
<tr>
<td>Justice Training Transition Program (JTTTP)</td>
<td>1/2/2013</td>
<td>3/31/2016</td>
<td>47,435,697</td>
<td>47,435,697</td>
</tr>
<tr>
<td>Delegated Cooperation Agreement (DCAR) with the Department for International Development (DFID) for Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC)</td>
<td>5/19/2015</td>
<td>8/31/2020</td>
<td>3,000,000</td>
<td>500,000</td>
</tr>
</tbody>
</table>

Note: * As of 8/31/2015.

USAID has a forthcoming rule-of-law program in the procurement phase and will work with the Supreme Court, Ministry of Justice, and the informal justice system.482

In the area of anticorruption, State works primarily in enforcement by providing support to prosecutors and the Major Crimes Task Force (MCTF). USAID signed a cooperation arrangement with the United Kingdom’s Department for International Development to fund the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC). USAID support funds the MEC’s monitoring, analysis, and reporting activities, including vulnerability-to-corruption assessments. According to USAID, President Ghani has shown interest in expanding the MEC’s work beyond its current monitoring framework.483

USAID is designing two anticorruption activities for Afghanistan.484 USAID previously reported that one of the proposed projects will aim to strengthen the capacity of Afghan government institutions to assess vulnerabilities to corruption and to implement reforms in its most commonly accessed public service delivery systems. In addition, the project will enhance civil society’s ability to monitor, advocate for, and publicize the implementation of reforms.485

The State Department’s JSSP objectives include continuing to develop a case-management system (CMS) to track cases throughout Afghanistan’s justice system and building the capacity and administrative skills of ministry officials.486

The CMS is used to monitor criminal cases on an individual or aggregated basis from the time of arrest until the end of confinement. All ministries in the formal criminal-justice sector have access to the CMS. The CMS is used to demonstrate inefficiencies in the criminal-justice system by identifying when cases are not being processed in a statutory manner. Ministries routinely utilize the CMS to understand the functioning of the formal justice sector. For example, the CMS can help identify an individual prosecutor’s case load and conviction rates, information that is useful for determining promotion eligibility. In addition to using the CMS to conduct criminal background checks on internal and external employment applicants, the MOI generates a weekly report of arrests in Kabul by the type of crime.487 From 2013 to August 2015, JTTP has reviewed 2,699 CMS cases of which 91% were found to be accurate. In the provinces, Balkh Province had the lowest amount (66%) of correct CMS files to date.488

The State Department’s JTTP provides regional training to justice-sector officials on a wide range of criminal-justice topics.489 JTTP aims to increase the confidence of Afghan citizens in their justice sector and to achieve two outcomes: (1) to increase the capacity and competencies of Afghan justice sector professionals in delivering justice according to Afghan law, and (2) to ensure that Afghan justice institutions are capable of managing the sustainable implementation of training programs.490
JTTP undertakes limited trial observation, focusing on cases within the criminal division jurisdiction at provincial and district levels. JTTP looks only at proceedings and appeals of cases that are subject to the Criminal Procedure Code (CPC). JTTP's observation and reporting are narrowly focused to collect objective comparative data on a single fair-trial indicator, i.e., whether trials are deemed to be “open” in accordance with the procedure set out under the CPC. JTTP has reported to State’s Bureau of International Narcotics and Law Enforcement Affairs (INL) many instances in the formal-justice proceedings where attorneys and judges have increasingly applied the correct laws and sentencing requirements.401

JTTP legal advisors visit courtrooms of judges who have graduated or will graduate from JTTP courses. If the legal advisors are granted access to the courtroom for a given trial, the trial is reported as “open.” If they are not permitted access to a courtroom for a given trial, and there is no permissible reason for the restriction, the trial is reported as “closed.”402

From 2013 to August 2015, JTTP observed a total of 800 trials, of which 93% were open. In the provinces, Nangarhar Province had the lowest overall percentage of open trials to date (39%).403

The Supreme Court and the Formal Justice Sector
A new Supreme Court chief justice, former Deputy Justice Minister Sayed Yousuf Halim, was appointed and sworn into office this quarter. According to State, the new chief justice is well-regarded in the legal community and has indicated an interest in instituting judicial reforms.404 In his recent interview with SIGAR, President Ghani described Halim as “our best legal mind, with immense experience and not one whiff of corruption.” (For more information, see Section 1 of this report.)

According to the SMAF, short-term deliverables related to the justice sector include the launch of a justice-sector reform plan by December 2016 and a draft of a revised penal code completed December 2016.405

In a statement issued this quarter, the MEC said, “The justice sector remains largely incapable of investigating and prosecuting corruption cases, especially against well-connected individuals who operate with near impunity, secure in the knowledge that they are effectively above the law.”406

Afghan Correctional System
According to State, the inmate population of Afghanistan’s prisons managed by the General Directorate of Prisons and Detention Centers (GDPDC) has increased by an average of 10.75% annually over the past five years. As of July 31, the GDPDC incarcerated 26,119 male and 727 females, while the Ministry of Justice’s Juvenile Rehabilitation Directorate (JRD) incarcerated 826 male juveniles and 78 female juveniles. These incarceration totals do not include detainees held by any other Afghan governmental organization, as INL does not have access to data for other organizations.407
Overcrowding is a persistent, substantial, and widespread problem within GDPDC facilities for men, although state-funded prison construction has added some new prison beds and presidential-amnesty decrees have reduced the prison population significantly. As of July 31, the total male provincial-prison population was at 190% of capacity, as defined by International Committee of the Red Cross’s (ICRC) minimum standard 3.4 square meters per inmate. By contrast, the total female provincial-prison population was at 65% of the ICRC-recommended capacity. The JRD’s juvenile-rehabilitation centers’ population was at 66% of ICRC-recommended capacity.

State is soliciting a contract for renovations of the Pol-i-Charkhi prison. The planned project includes constructing a wastewater treatment plant, remodeling three cell blocks, and extensive structural, electrical, and plumbing renovations. SIGAR reported last year on the challenges State faced with a previous, five-year renovation project at Pol-i-Charkhi prison that was terminated for convenience: the contractor had done only 50% of the work, but State paid out $18.5 million on a contract valued at $20.2 million.

Anticorruption

During a meeting with religious scholars in Kabul this quarter, President Ghani called for “a national jihad to fight corruption.” In his interview with SIGAR, he described various steps his government has taken to combat corruption, such as the prosecution of the individuals responsible for the Kabul Bank scandal, and a cleanup of the government contract-procurement process. (For more information, see Section 1 of this report.) However, according to CSTC-A, there is insufficient high-level Afghan government strategic guidance regarding anticorruption. The revised anticorruption strategy is overdue and the anticorruption law remains in draft form.

Afghan Attorney General’s Office

The Afghan government has yet to nominate a new attorney general. In his interview with SIGAR, President Ghani said he would soon be turning “in earnest” to the appointment of a new attorney general. (For more information, see Section 1 of this report.) The appointment of a new attorney general by the end of 2015 is a SMAF short-term deliverable.

According to State, the Attorney General’s Office (AGO) is widely criticized as unresponsive and lacking in transparency in its prosecution of cases. Afghan government officials complain they are often unable to learn the status of cases that have been referred to the AGO.

Major Crimes Task Force

The MCTF is an investigatory arm of the MOI and the NDS. According to DOD, since the formation of the national-unity government, the MCTF has begun to more aggressively target senior-level government officials.
in its investigations of corruption cases.\textsuperscript{507} According to State, MCTF’s pace of investigations has decreased greatly due to the MOI’s refusal or inability to continue providing MCTF funding for its confidential human sources. MCTF senior leadership and line investigators continue to encounter resistance from senior Afghan government officials and members of parliament when investigating allegations of corruption against politically-connected targets.\textsuperscript{508}

Despite an increase in referrals, the MCTF has seen no improvement in case processing at the AGO. Under the CPC, felony-level cases should be brought to trial within 75 days of arrest. In five of the seven recent cases, no arrest was made prior to referral to AGO, meaning there is no time limit for AGO’s investigation or prosecution decision. So far, none of the cases has been adjudicated by the AGO. The MCTF is, however, hopeful that the AGO’s prosecution rate will increase once a new attorney general is in place.\textsuperscript{509}

According to DOD, although the MCTF regularly demonstrates its ability to investigate crime and is motivated to combat corruption, the MCTF suffers from the lack of clear jurisdiction and insufficient autonomy to pursue cases. For example, every case the MCTF wishes to pursue must be approved by senior officials outside of the MCTF. This provides an opportunity for investigations to be halted before they begin and also provides disincentives for detectives to take the initiative. Additionally, corruption cases handled by the MCTF must pass through at least two prosecution offices before reaching the AGO’s anticorruption prosecution units. Cases face potential derailment as they navigate each additional office. According to DOD, simplifying and making the criminal-justice pathway for corruption cases more transparent is a potential reform that will improve MCTF’s work.\textsuperscript{510}

**Independent Joint Anti-Corruption Monitoring and Evaluation Committee**

The MEC was formally established in March 2010 by presidential decree. The MEC’s mandate is to develop anticorruption recommendations and benchmarks, to monitor efforts at fighting corruption, and to report on these efforts. It comprises three Afghan members and three international members and is led by an Afghan executive director. MEC has approximately 20 staff, but USAID notes that the MEC may increase its staff since President Ghani has increasingly sought analytical products from it.\textsuperscript{511}

According to State, the MEC continues to demonstrate administrative competence and technical capacity. State notes, however, that despite demonstrating the political will to address some of the toughest corruption-related questions confronting Afghanistan, the MEC lacks the authority to do more than illuminate poor or corrupt practices.\textsuperscript{512} This quarter, the MEC began working with the Ministry of Public Health, at the ministry’s request, to start an overall assessment of corruption in the institution.
USAID, together with the small working group, is working with the MEC to develop its capacity, prioritize its work, and support the implementation of suggested reforms. The MEC has also signed an MOU with the Afghan government to examine the defense ministry.

This quarter the MEC issued reports covering corruption vulnerabilities in teacher recruitment at the Ministry of Education (MOE); corruption vulnerabilities associated with the process for registering official documents; and an assessment of 22 ministries’ 100-day plans.

After discussions in Kabul, Herat, Nangarhar, Balkh, Badakhshan, and Laghman Provinces, the MEC found the teacher-recruitment system highly vulnerable to corruption. Additionally, although corruption in the teacher-recruitment process is well known and often easily identified, very little action is ever taken by the MOE or AGO. The MEC found that although teachers are required to fill in attendance sheets, this requirement is often not followed. In most of the provinces, including Kabul, attendance sheets are not being used or are frequently forged. According to the MEC, the salaries usually go to a group of officials who collude to steal money from accounts allotted for teacher salaries. The MEC also found that members of parliament often trade their votes on the MOE budget for a certain allotment of teacher positions that they can give to their constituencies or use for other political favors. Provincial officials who spoke to the MEC even suggested that nearly 50% of the positions are “given” to parliamentarians in this way, although the MEC notes that it could not verify this figure.

When the MEC examined the process for registering certified or notarized documents with the government, it found numerous vulnerabilities. According to the MEC, many of vulnerabilities were due to a failure to observe laws and regulations, poor inter-institutional coordination among government stakeholders, and significant human-resource and technical-capacity deficiencies. These deficiencies, combined with organizational-structure issues, lengthy and overly complicated bureaucratic procedures, and overlapping responsibilities within different entities, create an environment conducive to a range of corruption vulnerabilities. Additionally, the MEC found that many certified or notarized documents can be easily forged. According to multiple interviewees conducted by the MEC, it is possible to bribe judges to accept even the most obvious forgeries.

The MEC also reviewed the anticorruption provisions of 100-day ministry plans mandated by the president for each ministry this year. The plans were meant to describe how the ministries planned to improve service provision and implement internal reforms to improve the efficiency of their operations. Of the 22 plans the MEC reviewed, only six had a specific anticorruption section. The MEC did note, however, that most of the remaining plans outlined reforms that, if implemented, could reduce corruption. The MEC identified several deficiencies that were common to many, though not all, plans including:
Governance

Repo Rt to the united st at es cong R ess  i   Oct Ober 30, 2015

• failure to outline implementation mechanisms necessary for achieving desired goals
• insufficient detail about most initiatives described in the plans
• general lack of prioritization
• unclear relationship between the plans and the ministries’ current resources and future budgets
• lack of monitoring and evaluation to track the progress of the plans
• unrealistic, short-term goals, and overly ambitious timeframes
• failure to directly address the MEC’s recommendations

High Office of Oversight and Anticorruption
The High Office of Oversight and Anti-Corruption (HOO) was established in July 2008 by presidential decree to oversee and coordinate implementation of the Afghan government's Anticorruption Strategy. The HOO collects corruption complaints through a hotline and complaint boxes installed in several ministries and other public-service delivery institutions, and conducts the initial investigation of corruption allegations. According to USAID, these investigations do not often lead to prosecution. Mutual recrimination between AGO and HOO is common. Ghani has limited the HOO’s mandate to collecting and verifying public officials’ asset declarations.

On July 3, the acting director general of the HOO told Tolo News that several senior Afghan officials—including President Ghani, Chief Executive Abdullah, and 14 cabinet ministers—had yet to register their assets per the requirements of the Afghan constitution. According to the acting director general, Ghani has instructed all top government officials to submit their asset registration forms. As of late September, however, CSTC-A reports that Ghani, Abdullah, and first vice president Dostum had not yet declared their assets.

A SMAF short-term deliverable includes the requirement for 90% of government officials required to declare their assets to do so by mid-2016. Asset declaration was previously a TMAF hard deliverable requirement. Since the inauguration of the new government in September 2014, 23 out of 25 cabinet ministers have declared their assets, meaning a total of 24 out of 38 government officials have declared their assets per the constitutional requirement.

Parliamentary Anti-Corruption Caucus
The Parliamentary Anti-Corruption Caucus (PACC) was established in March 2013 and currently has 23 members—14 lower-house parliamentarians and nine upper-house senators—making it one of the largest caucuses in parliament. The PACC is the only parliamentary caucus with members from both houses; its members are all female. This quarter, the PACC received anticorruption pledges from 24 nominated ministers who were
Governance

The PACC also introduced a representative to participate in the National Procurement Committee sessions. According to State, the PACC has proposed anticorruption legislation that is not supported outside the PACC.

Security Services

In April, the then commander of CSTC-A, Major General Todd T. Semonite, said “the level of corruption [since formation of the national-unity government] is unknown and as a result I can’t give you a number to somehow quantify that,” and added that the Afghan government has implemented additional controls to limit corruption. Since that admission, according to CSTC-A, there have been no studies or reviews to quantify the level of corruption in Afghanistan.

According to CSTC-A, the Ghani administration has increased focus on high-level corruption challenges at the MOD, but has had little impact on anticorruption efforts at the MOI. While it is too early to measure the impact of the new administration on anticorruption efforts, CSTC-A sees positive signs in MOD’s increased awareness and emphasis on countercorruption initiatives.

Ministry of Defense

Two active forums are currently addressing corruption issues within the MOD: the Counter Corruption Working Group (CCWG) and the Senior High Level Committee on Anti-Corruption (SHCAC). DOD reported last quarter that neither forum has been an effective arena for meaningful anticorruption or countercorruption efforts, partly because the forums consist of the same senior officials who engage in corrupt acts. This quarter, DOD reports that the CCWG has shown improvement through regular, monthly meetings and review of corruption cases. The SHCAC mechanism, however, remains in its infancy and its effectiveness cannot be assessed despite a new chair being appointed.

Although each of the six ANA corps has members assigned to Transparency and Accountability Committees (TAC), all TAC members are members of corps staff (chaired by the deputy corps commander), lack independence, and are unlikely to report any information critical of the corps commander. This structure of the committees also insulates the deputy corps commander (who is also the head of procurement for the corps) from oversight on procurement decisions. According to a recent assessment by the MOD Inspector General (MOD IG), the TACs are ineffective and their work unsatisfactory.

Ministry of Interior

Last quarter, the Afghan government removed the former MOI IG and appointed Major General Rahimullah. According to CSTC-A, MOI IG
Governance

Rahimullah has proven a solid choice who has demonstrated leadership and motivation in performing his duties. This quarter, the MOI IG initiated fuel inspections as the first step into verifying fuel accountability. MOI IG aims to establish a fuel inspection program to reduce misappropriation and policy noncompliance within MOI.

HUMAN RIGHTS

Refugees and Internal Displacement

As of July 15, the United Nations High Commissioner for Refugees (UNHCR) estimated that at least 291,800 people have crossed from Pakistan into Afghanistan’s Khowst and Paktika Provinces since June 2014 due to large-scale Pakistan military operations in neighboring North Waziristan. According to State, it is unlikely that there will be significant returns to Pakistan until 2016 due to the reconstruction needs in North Waziristan.

State reported no major change in numbers of refugees leaving Afghanistan. However, according to UNHCR, 77,731 Afghans applied for asylum in Europe in the first six months of 2015. This represented a significant increase from the 24,154 who sought asylum in the same period in 2014. Afghans are second only to Syrians in claiming asylum in Europe, the UNHCR numbers show.

UNHCR recorded facilitating the return of 50,433 Afghan refugees from Pakistan as of August 28. According to State, many returned refugees have felt pressured to return to Afghanistan due to reported arrests, detention, extortion, and harassment by local Pakistani authorities following the December 2014 Peshawar school attacks and the Pakistani security response. Overall, 91,458 undocumented Afghans were recorded at border crossings returning to Afghanistan from Pakistan during the first six months of 2015, compared with 21,866 individuals during the same period in 2014. A total of 243,107 individuals spontaneously returned or were deported from Iran during the first half of 2015, compared with 220,564 during the same period in 2014.

As of July 31, UNHCR recorded a total of 980,324 registered conflict-affected internally displaced persons (IDPs), compared to the 949,995 registered IDPs as of June. UNHCR reports the major causes of displacement during the quarter were ground offensives by anti-government forces and ANDSF counteroffensives.

Gender

The largest gender-focused initiative in USAID’s history is the Promote partnership that aims to assist over 75,000 Afghan women in achieving leadership roles in all parts of society, such as business, academia, politics, and public policy over five years. USAID has committed $216 million to

SIGAR AUDIT

This quarter, SIGAR issued an audit of State’s efforts to assist Afghan refugees living in Pakistan and Iran, and Afghan returnees. The audit found that the UNHCR and State are unable to independently verify the number of Afghan refugees reported by the Pakistani and Iranian governments. The audit also found that the Afghan Ministry of Refugees and Repatriation—the ministry responsible for coordinating refugee and returnee affairs with other ministries and international organizations—has limited capacity to fulfill its obligations or to work with other ministries, and had been beset by allegations of corruption. For more information, Section 2, p. 23.
Promote and hopes to raise an additional $200 million from other international donors. However, no donors have committed to contribute funds to Promote. In August, the Japan International Cooperation Agency signed a memorandum with USAID agreeing to cooperate on efforts that work towards advancing equality for women in Afghanistan.

This quarter, USAID launched the Promote High Level Advisory Committee (PAC); two meetings have been held. The PAC will create a forum for feedback and advice on Promote program implementation. USAID has also established a Promote Outreach and Communications Working group to ensure quality and timely outreach to Afghans about the program, as shown in Table 3.23.

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 9/30/2015 ($)</th>
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<tr>
<td>Afghan Women’s Leadership in the Economy</td>
<td>7/1/2015</td>
<td>6/30/2020</td>
<td>$71,571,543</td>
<td>$80,819</td>
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<td>Women’s Leadership Development</td>
<td>9/23/2014</td>
<td>9/22/2019</td>
<td>41,959,377</td>
<td>5,163,910</td>
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<td>Promote: Economic Empowerment of Women in Afghanistan</td>
<td>5/8/2015</td>
<td>5/7/2018</td>
<td>1,500,000</td>
<td>50,000</td>
</tr>
</tbody>
</table>


The launch event for a USAID’s women’s leadership skills course that is aimed at young high-school graduates. (USAID photo)
The Promote Women in Government (WIG) program is conducting a pilot internship program for 22 interns who will train for six months at the Afghan Civil Service Institute. Each intern will have a three-month on-the-job internship. Interns who complete the program will be able to apply for grade 4 or 5 (mid-level) civil service positions. A second tranche of 200 interns is planned for October.548

The Promote Women’s Leadership Development (WLD) program is rolling out the Leadership Program in five regional centers (Kabul, Herat, Mazar-e Sharif, Jalalabad, and Kandahar cities). USAID reports that there are currently 1,000 students benefiting from WLD leadership programs.549

The SMAF includes several short-term deliverables related to women’s rights, including: the requirement for a national action plan for women peace-and-security implementation and financing plan approved by the end of 2015, with implementation started by mid-2016; an anti-harassment regulation for improving working environments for public-sector women, to be issued by mid-2016; and dedicated violence-against-women prosecution units established in 26 provinces by December 2016.550
## ECONOMIC CONTENTS

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</table>
ECONOMIC AND SOCIAL DEVELOPMENT

As of September 30, 2015, the U.S. government has provided nearly $31.8 billion to support governance and economic and social development in Afghanistan. Most of these funds were appropriated to the U.S. Agency for International Development’s (USAID) Economic Support Fund (ESF). The Consolidated and Further Continuing Appropriations Act, 2015, provided an additional $831.9 million for the ESF, bringing the cumulative total to $18.6 billion. Of this amount, $17.1 billion has been obligated and $13.5 billion has been disbursed.551

KEY EVENTS
This quarter saw several developments that could affect Afghanistan’s prospects for economic and social development:

• The Senior Officials Meeting (SOM) of Afghan and international-donor representatives took place in Kabul on September 5 to discuss policies, review Afghan progress toward reforms outlined during the London Conference, and decide a path forward. The Afghan government presented donors with a self-graded progress report on reforms it has undertaken, and participants agreed on a refreshed mutual-accountability framework that will be the basis for continued donor support.552

• The International Monetary Fund (IMF) said preliminary data indicate Afghanistan met Staff-Monitored Program (SMP) quantitative targets through June 2015, with significant progress being made in implementing structural benchmarks. The IMF has not yet confirmed these findings.553

• Domestic revenues collected in the first eight months of Afghan fiscal year (FY) 1394 (December 22, 2014–December 21, 2015) rose 13.3% above the same period in FY 1393, covering 39% of total expenditures. Expenditures increased 0.2% compared to the same period last year.554 The government has not yet released updated year-to-date targets that would monitor Afghan progress against its budget goals.

• The sixth Regional Economic Cooperation Conference on Afghanistan (RECCA VI) took place in Kabul on September 3–4.555 Departing from
prior RECCA approaches, the main objective was to facilitate new investment deals that are primarily funded by the private sector, rather than by donors or the government, and that can be implemented in one to three years.\textsuperscript{556}

**ECONOMIC PROFILE**

Lack of security is the most important perceived obstacle to private investment in Afghanistan, according to the World Bank. The absence of security damages human capital, constrains productive economic activities, increases social unrest, promotes unequal access to basic services, and increases political instability.\textsuperscript{557} Violence, as well as uncertainty over the country’s future, continued to impede investment, and Afghanistan’s economy did not recover as expected in 2015. The World Bank calculated Afghanistan’s gross domestic product (GDP) at $20.8 billion in 2014 and projects Afghanistan’s real (net of inflation) GDP to grow 1.9% this year to $21.2 billion, excluding opium. Growth is expected to remain sluggish over the medium term.\textsuperscript{558} In contrast, Afghanistan’s FY 1394 budget forecast 9% GDP growth.\textsuperscript{559}

Afghanistan is experiencing deflation, which may be a result of declining demand due to the reduced international troop presence and lower levels of foreign aid.\textsuperscript{560} Deflation, and lower demand generally, can cause increased unemployment.\textsuperscript{561} The World Bank warned that with an estimated 2.7% annual population growth and 400,000 young people entering the labor force each year, Afghanistan needs higher growth rates if it is to increase future per capita incomes and reduce income inequality.\textsuperscript{562}

**Afghanistan’s Fiscal Outlook**

Afghanistan will require substantial donor aid for the foreseeable future.\textsuperscript{563} The World Bank reported this quarter that security costs have grown beyond donors’ initial projections. The 2012 NATO summit in Chicago predicted Afghanistan’s contribution to its security costs would be at least $500 million in 2015. However, Afghanistan spent $583 million in 2013, $754 million in 2014, and $699 million in just the first eight months of FY 1394 (2015).\textsuperscript{564} Additionally, the World Bank said civil-service costs are not fiscally sustainable—wages and salaries have consumed 53% of Afghan expenditures in FY 1394 so far. Pension costs and benefits to families of those killed or injured account for 7% of Afghan expenditures in FY 1394 so far, and are rising.\textsuperscript{565}

The World Bank expects 2015 revenues as a share of GDP to exceed 8.4% in 2014 (about $1.75 billion), but that would be well below the 11.6% level of 2011. Under current conditions, and through better tax policy and administration, and reduced revenue leakages, the World Bank sees maximum revenue potential of up to 16% of GDP ($3.4 billion). However, that would...
still be inadequate to finance Afghanistan’s current level of spending at 36% of GDP ($7.6 billion) or its long-term financing needs.666

FY 1394 Revenues and Expenditures Update
Total collected domestic revenues—a figure that excludes donor grants—stood at 70.8 billion afghanis (AFN) ($1.1 billion) in the first eight months of FY 1394, about 13.3% above the same period in FY 1393. Domestic revenues paid for less than half (39%) of Afghanistan’s total budget expenditures of AFN 182.2 billion ($2.8 billion) thus far in FY 1394; donor contributions make up the difference. Afghan government expenditures in FY 1394 increased by AFN 402 million (by 0.2% or $6.2 million in current dollars) compared to the same period last year.667

Although revenues in FY 1394 have increased year-on-year while expenditures remained flat, there has been little progress in closing the considerable budget gap for each of the first eight months of FY 1394, as illustrated in Figure 3.29. The World Bank said it will be very difficult to reduce security-related expenditures should security not improve.668

Expenditures are expected to continue rising—to 30% of GDP in FY 1395 (2016) versus 26% in FY 1393, according to World Bank projections—largely due to increased spending on security, service delivery, essential infrastructure, and operations and maintenance (O&M).669

In September, the Afghan government reported that it needs a 20% revenue increase in order to balance the budget. It does not, however, consider that target to be realistic. Subsequent budgets are to be constructed more carefully so that revenue targets become credible management tools for policy makers.

Measuring Afghan progress against its budget goals was not possible this quarter because updated and accurate Ministry of Finance (MOF) year-to-date targets were not publicly available.\textsuperscript{570} Additionally, SIGAR does not have access to Afghanistan’s Financial Management Information System (AFMIS), the country’s government-wide accounting system.

SIGAR’s October 2014 Quarterly Report to the United States Congress called for U.S. government agencies to press the MOF for complete access to AFMIS. This would allow the United States to see what the Afghan government reports to be spending money on and at what rate, as well as the details of budgetary shortfalls to better inform U.S. responses to requests for emergency funds.\textsuperscript{571} Since at least January 2015, the U.S. Embassy Kabul has had Afghan permission to use AFMIS, but State says it cannot access the system due to ongoing “technical difficulties.”\textsuperscript{572}

USAID and the U.S. Embassy Kabul were unable to respond to several SIGAR requests for information this quarter about independent oversight of the Afghan budget, specific revenue breakouts, or the validity of AFMIS data. The U.S. Embassy Kabul said it relies on the Afghan government for AFMIS reports and questioned the benefit of accessing raw AFMIS data without having full-time staff trained to use it. With the number of embassy staff in Kabul declining, the embassy said it was unclear if they could devote resources to that purpose.\textsuperscript{573}

**FY 1394 Budget Gap Projections**

The Afghan FY 1394 began with a $352 million unfinanced deficit from the preceding fiscal year, weak cash reserves, and significant arrears, while revenue-collection reforms stalled in parliament in the first quarter, according to the World Bank. In April 2015, the World Bank warned that Afghanistan could face budget shortfalls this year similar to last year’s shortfall of $537 million (after donor assistance).\textsuperscript{574}

The FY 1394 budget projected domestic revenues of approximately AFN 125.5 billion, about 30% more than collected in FY 1393, which the World Bank found “ambitious,” cautioning that the government has smaller cash reserves from which to draw should revenues not be realized.\textsuperscript{575} However, the IMF set a goal of AFN 120 billion and recently revised it downward to AFN 114 billion.\textsuperscript{576} As noted previously, Afghanistan collected AFN 70.8 billion through the first eight months (56.4% of the initial budget goal and 62% of the revised IMF goal).\textsuperscript{577}

An MOF mid-year budget review showed an expected gap of around $165 million, after donor grants, primarily in the development budget, which covers capital projects. (Recurring costs such as public-sector payroll, are included in the operating budget.)\textsuperscript{578} The fiscal gap could widen or shrink, depending on variables including budget-execution rates, donor grants received, qualification for donor incentive funds, revenue collection, and changing expenditures.\textsuperscript{579}
The fiscal gap is large. An October 2015 World Bank report projected the fiscal deficit at around 23% (about $4.9 billion) of GDP.$^{58}$ Donor assistance either narrows or closes this gap, as depicted in Figure 3.30.

**International Monetary Fund Staff-Monitored Program**

The IMF’s nine-month Staff-Monitored Program (SMP) runs April–December 2015 and is monitoring implementation of Afghanistan’s macroeconomic policies and structural-reform agenda. The IMF said preliminary data indicate Afghanistan met the program’s fiscal and monetary quantitative targets through June 2015, with “significant progress” being
Indicative targets: quantitative indicators used to help assess progress in meeting objectives of an IMF program, including predictive economic trends where data are uncertain.


ECONOMIC AND SOCIAL DEVELOPMENT

Delayed, but implemented, SMP benchmarks include revenue-generation measures like increased business-receipt taxes, fuel fees collected at customs, and a new telecommunications tax (on October 14, Afghanistan’s lower house of parliament rejected the telecommunications tax that had been implemented by presidential decree on September 23).584 Also, a new banking law was enacted in August and an independent auditor was hired to monitor bad-debt recoveries at an unnamed state bank. The benchmark of issuing a regulation on currency reporting has been partially met. The IMF said the Afghan government identified ways to offset the impact from these delayed measures, but did not detail them.585 The IMF reiterated the need for continued donor support to Afghanistan.586

The IMF also said earlier bank reforms are progressing mostly as planned. All weak Afghan banks were subject to enforcement actions in 2015, especially for two vulnerable, publicly unidentified banks. One of these banks increased its capital and reduced foreign-exchange exposure. The other prepared a five-year operating strategy that is under review, hired chief operating and credit officers, and is searching for a chief executive officer. Its capital targets appear to have been met as of June. Furthermore, a “private systemic bank” was recapitalized, preparations to sell New Kabul Bank are proceeding, and anti-money-laundering regulations for financial institutions were drafted.587

IMF Staff-Monitored Program Performance-Monitoring Reviews

SMP performance-monitoring reviews of Afghan progress on benchmarks are based on two test dates—June 21 and December 21, 2015.

The SMP provides an opportunity for the IMF staff to work with a country’s authorities to see if they are willing and able to keep their commitments to carry out an IMF-prescribed program and establish a positive track record. Successful completion of an SMP can encourage donor assistance and give the IMF staff confidence that the national authorities will meet their obligations under a more formal program like an Extended Credit Facility (ECF) arrangement.

Afghanistan’s poor record with its previous ECF, which expired in November 2014, caused program reviews to be suspended due to missed performance targets, uneven and delayed structural reforms, unanticipated shocks, and an inadequate policy response.


Trade

In his interview with SIGAR this quarter, detailed in Section 1 of this report, President Ashraf Ghani said Afghanistan’s most important economic asset is its location as a hub for trade between South and Central Asia. The World Bank said while regional economic integration can play an important role in the country’s economic growth, its prospects depend on external factors, are unpredictable, and require time, proper policies, and external support.588

For example, USAID said Pakistan-Afghanistan-Tajikistan Transit Trade Agreement (PATTTA) negotiations were stalled as of September 20, almost exclusively due to Pakistan’s unwillingness to open its Wagah border to allow trade between Afghanistan, India, and the rest of South Asia. Without access through Wagah, Afghanistan is unwilling to finalize the agreement. Afghanistan wants to transfer most of the terms under PATTTA into the Afghanistan-Pakistan Transit Trade Agreement, but Pakistan refuses. While

the United States is working to improve trade between the two countries, Afghanistan is investing more effort into potential deals with Turkmenistan and Iran.589

The Afghan government’s progress report on the status of its reforms said Afghanistan’s trade balance—negative $8 billion (38% of GDP) in 2014—is unsustainable, and shows an urgent need for an environment that promotes domestic and foreign investment. The Afghan government pledged to simplify the visa process and work to identify ways to “expedite, rather than impede, exports.” The government aims to increase the number of border crossings, develop dry ports to advance trade and transit agreements, and increase customs cooperation.590

Export and Import Data
Although Afghanistan routinely sustains a large trade deficit, donor aid helped the country maintain a positive current-account balance of 6.1% of GDP in 2014. Without it, the IMF estimates Afghanistan would have a current-account deficit equivalent to 36% of its GDP—about $7.3 billion.591

During 2012–2014, Afghanistan exported around $3.3 billion–$4 billion worth of goods and services annually, not including illicit narcotics, according to IMF estimates.592 The World Bank said Afghanistan exports only a small number of products and has few trade partners, making it highly dependent on a few commodities for earnings, and consequently more vulnerable to unstable prices and trade shocks.593 Since commodity exports represent only around 20% of total exports—services-related exports account for 80%—their variability is less significant, according to USAID.594

The IMF estimated Afghanistan’s 2014 imports at more than $10.6 billion of goods and services, with more than $8 billion paid for by official donor grants.595 The World Bank said lower consumer and business confidence led to 20% lower demand for imports. But the Bank also estimates that most of the decline in official imports is probably due to poor recording and increased smuggling, since 15–20% of all Afghan trade is thought to be unrecorded and smuggled. Though the trade deficit has narrowed since 2012, it remains large and is fully financed by donor assistance.596

Afghanistan Trade and Revenue Project
USAID’s four-year, $77.8 million Afghanistan Trade and Revenue (ATAR) project is a trade-facilitation program designed to (1) improve trade-liberalization policies, including support for Afghanistan’s accession to the World Trade Organization (WTO); (2) improve and streamline the government’s ability to generate revenue by modernizing Afghanistan’s customs institutions and practices; and (3) facilitate bilateral and multilateral regional trade agreements.597

This quarter, Afghanistan’s Customs Department (ACD) and central bank concluded a pilot program at Kabul International Airport and at Kabul’s...
inland customs office, allowing customs duties to be paid electronically from any commercial bank. USAID said more than $2 million in fees were channeled through this e-payment system, which it expects to be expanded to all major customs houses. Additionally, an ATAR-supported customs compliance strategy, which contains professional standards, internal auditing, and enforcement regulations and procedures, gained support; an anti-corruption hotline at ACD was reactivated; and ATAR helped the Ministry of Commerce and Industry finalize and send to President Ghani a briefing package for Afghanistan’s accession to the WTO.598

Regional Economic Cooperation Conference on Afghanistan VI

The sixth Regional Economic Cooperation Conference on Afghanistan (RECCA VI) took place in Kabul on September 3–4.599 Departing from prior RECCAs, where development approaches were deemed too Afghan-centric, the primary objective was to facilitate new regional investment deals that are mainly funded by the private sector, rather than by donors or the government, and that can be implemented in one to three years. To address shortcomings of previous meetings, RECCA VI added economic-impact assessments to all projects, including technical projections that go beyond GDP growth; a narrowed list of feasible, priority investment projects; and a project-implementation phase that commenced postconference.600

Banking and Finance

The IMF reported that lax governance and regulatory enforcement in early 2014 caused the financial positions of some Afghan banks to deteriorate. In the IMF’s view, eight of Afghanistan’s 15 banks are considered “weak,” and two others—not identified publicly—are vulnerable.601 While a banking law was enacted in August and other corrective actions are under way, the impact of these corrective actions, along with lower confidence in the sector have caused monetary growth to decline in 2015, according to the IMF. Additionally, higher emigration and uncertainty have increased demand for foreign exchange, putting pressure on Afghanistan’s currency and causing some financial reserve losses.602

Banking-sector deposit growth slowed to 2.8% in 2014 compared to 5.9% in 2013 and 15.8% in 2012, according to World Bank calculations. Similarly, lending to the private sector fell 7.3% in 2014 after rising 7.6% in 2013. The World Bank said this suggests private investment has stalled and reflects banks’ growing risk aversion since the collapse of Kabul Bank in 2010.603 Afghanistan’s poor have limited access to formal financial institutions.604 Less than 10% of the Afghan population uses banks,605 preferring to hold cash. The Asian Development Bank (ADB) said this reflects continued distrust of banks and weak banking-sector performance since the massive Kabul Bank failure.606 The ADB ranks Afghanistan 25th of 26 developing
Asian nations in the proportion of adults with accounts. Afghanistan also has fewer than five automatic-teller machines per 100,000 people, which puts it last among 33 developing Asian countries.\textsuperscript{607}

Approximately 90\% of financial transactions go through the informal \textit{hawala} system. The State Department reported that there is no clear division between the hawala and formal banking systems—\textit{hawaladars} keep bank accounts and use wire-transfer services, while banks occasionally use hawalas to transmit funds to remote areas in Afghanistan.\textsuperscript{608}

\textbf{U.S. Treasury Assistance}

This quarter, the U.S. Treasury’s Office of Technical Assistance (OTA) continued implementing its March 23, 2015, agreement to develop technical assistance and capacity-building programs for Afghanistan’s MOF.\textsuperscript{609} OTA’s assistance will initially consist of conceptual guidance on developing and monitoring national-priority objectives, along with associated ministerial budgets; multiyear budgeting; integration of development and operating budget planning processes; and on improving budget formulation and execution.\textsuperscript{610}

So far in 2015, OTA conducted two missions to Kabul (February and May) to discuss cooperation and capacity building for budget and treasury management; another two missions (February and March) dealt with economic crimes. A mission scheduled for July was postponed pending funding, potentially from the State Department’s Bureau of International Narcotics and Law Enforcement Affairs. An initial assessment mission to strengthen bank supervision and problem bank resolutions took place in September and will develop follow-up recommendations for a program. A scheduled mission on revenue generation and management was postponed until January due to security conditions.\textsuperscript{611}

OTA said security-imposed travel restrictions are a major constraint in establishing a more sustained presence in Afghanistan, causing the implementation of reforms to depend largely on the Afghan government and on other donors. OTA also said additional funding is needed for more robust engagement with Afghan authorities in FY 2016.\textsuperscript{612}

\textbf{Kabul Bank Theft Accountability}

Despite a presidential order, a special oversight committee, and President Ghani’s claims of taking “decisive action” in holding accountable those responsible for the Kabul Bank theft, Kabul Bank’s ex-CEO Khalil Ferozi was reportedly released from prison this quarter at behest of high-ranking Afghan government officials after serving only a fraction of his 10-year sentence.\textsuperscript{613} This was ostensibly done to enable him to more easily liquidate and transfer assets and properties to the government to help satisfy his debts. The Kabul Bank Receivership reportedly collected $500,000 from Ferozi this quarter. So far, Ferozi has paid back approximately $8 million,
After Kabul Bank’s near-collapse in 2010, the MOF issued an eight-year, $825 million bond to the central bank to compensate it for the losses it covered. Repayments by the government, which sometimes include the proceeds of recovered Kabul Bank assets, are to be made quarterly through budget appropriations. Parliament has not consistently authorized these repayments, while payments that were authorized are in arrears. No repayments appear to have been made since 2013 and none were budgeted for in FY 1394.


or about 2% of the $333.8 million court judgment, which includes embezzled amounts, interest, and fines. The bank's ex-Chairman Sherkhan Farnood has paid back approximately $61 million, or slightly more than 10% of his $571.6 million obligation.614 Farnood and Ferozi are two of 36 individuals and companies who were convicted in the nearly $1 billion theft that brought the bank near collapse in 2010.615

This quarter, a new Kabul Bank Receiver was appointed following the June arrests of the director and deputy director of the Kabul Bank Clearance Committee for taking a $100,000 bribe from an unnamed Kabul Bank debtor to process a settlement payment.616 The Kabul Bank Clearance Committee was established by a March 2015 presidential decree to look into and help resolve the Kabul Bank case.617

On June 22, 2015, President Ghani set a one-week deadline for debtors to settle their accounts or be referred to the Attorney General’s Office (AGO) for prosecution and be banned from leaving the country.618 DOJ learned this quarter that the AGO listed 14 primary Kabul Bank debtors who failed to settle their obligations on official no-fly lists, although it is believed that they are no longer living in the country.619

Discrepancies in Cash and Asset Recoveries
The Kabul Bank Receivership informed the U.S. Department of Justice (DOJ) that total recoveries reportedly stand at $246.2 million as of August 25, 2015. This comprises cash recoveries, forgiven debts, and assets recovered or seized, including $6 million this quarter from Mahmood Karzai, former president Hamid Karzai’s brother. Another $585 million–$635 million in total is outstanding.620 State puts recoveries at $438 million with $549 million still owed.621 The large discrepancy between the two agencies’ estimates showcases the U.S. government’s limited visibility on this issue.

The Receivership said its main challenge in recovering cash and assets is inadequate pressure on borrowers to repay their debts, primarily because so many have significant political ties or allies. Integrity Watch Afghanistan, a donor-supported independent civil society organization, blamed the Afghan government for lacking the political will to support the Receivership and the AGO in their efforts to collect debts.622 However, in his interview with SIGAR this quarter, President Ghani predicted that his government would “make history” by recovering the public money lost in the scandal.

U.S. Assistance
DOJ said Afghanistan’s attorney general’s office is in critical need of anti-money-laundering (AML) training with several line-level prosecutors requesting assistance in applying international agreements. This quarter, DOJ provided AML training to the AGO’s civilian and military anticorruption units and case-analysis training to Afghan counternarcotics units.623
Neither the U.S. Embassy Kabul nor DOJ received new or revised diplomatic notes, or other official requests, from the Afghan government about recovering Kabul Bank assets and beginning discussions to request mutual legal assistance. DOJ deemed Afghanistan’s May 2015 request deficient and identified corrective actions that were needed before DOJ could assist. DOJ said mutual legal assistance agreements play a vital role in criminal prosecutions, allowing the prosecuting country to obtain evidence and information they would otherwise not have a legal or jurisdictional basis to collect.

**SENIOR OFFICIALS MEETING**

The second Senior Officials Meeting (SOM) of Afghan and donor-community officials took place in Kabul on September 5, to discuss policies, review Afghan progress toward reforms outlined during the London Conference last December, and agree upon a path forward. Afghanistan committed to implementing and enforcing new revenue measures, along with a public financial-management roadmap and an associated expenditure framework. Afghanistan also published its first self-graded progress review of its “Realizing Self-Reliance” reform agenda that was presented at the December 4, 2014, London donor conference. For more information, see page 132 of this report.

**Self-Reliance Mutual Accountability Framework**

The SOM also ushered in a refreshed Tokyo Mutual Accountability Framework, now called the Self-Reliance through Mutual Accountability Framework (SMAF), which will be the conditional basis for continued donor support. The Afghan government reaffirmed its reform commitments under the framework and the international community reaffirmed its financial commitments made in Tokyo in 2012—$16 billion in assistance through 2015, and sustaining support through 2017, at or near levels of the past decade.

The SMAF is governed by several general principles:

- predictable, on-budget donor support for Afghan government development priorities, aligned with a limited number of outcome-focused national programs
- conditional donor support predicated on Afghanistan’s fulfilling commitments
- transparent and accountable governance to eliminate corruption, and ensure efficiency and effectiveness, with citizen-based monitoring of benchmarks
- building market institutions to attract investment, create jobs, and sustainable economic growth
- regional economic cooperation to drive growth and reduce poverty
The SMAF also contains goals and indicators across six cross-cutting areas, including efforts to help Afghanistan improve revenue collection and become fiscally sustainable through anticorruption and enforcement efforts in the government’s revenue-generating departments; satisfactorily implementing the IMF SMP, with a more formal financial program to be negotiated in its wake; implementing a new public financial management roadmap; and strengthening banking reforms. The SMAF also aims to generate a business-friendly environment conducive to private-sector development and investment, while focusing on the agriculture, extractives, and services sectors that are Afghanistan’s existing and potential economic drivers.

**U.S. ECONOMIC AND DEVELOPMENT SUPPORT STRATEGIES**

On August 3, 2015, the U.S. and Afghan governments signed a memorandum of understanding (MOU) to govern the $800 million New Development Partnership (NDP) announced on March 23, 2015. The NDP intends to promote Afghan self-reliance by helping Afghan institutions achieve three objectives: fiscal sustainability, improved governance, and reduced poverty. It aims to do this through monetary incentives to the Afghan government for implementing solutions to development challenges that are linked to 40 specific development results—each worth $20 million—and measured by associated indicators. USAID is overseeing NDP funding, which will be disbursed through the Afghanistan Reconstruction Trust Fund (ARTF) or other jointly determined mechanisms.

On September 1, USAID said it would provide $100 million to the Afghan government for achieving five results:

- addressing fiscal and banking vulnerabilities, revenue mobilization, and strengthening supervision and enforcement in the financial sector, by agreeing to the IMF’s informal SMP
- maintaining commercial civil-aviation services by contracting out civil-airspace management (last quarter, the Afghan government selected U.S.-based Readiness Management Support to help manage Afghan airspace for two years)
- improving revenue mobilization through customs reform by piloting an e-payment system at one border crossing
- implementing procurement reform by establishing a national procurement committee that meets regularly
- implementing a national action plan for women that was approved by the president
USAID Development Assistance

Most assistance from the Economic Support Fund (ESF) goes toward USAID’s development programs. In September 2015, USAID published an updated Performance Management Plan (PMP) to guide and measure its development objectives, and articulate its development strategy through 2018. The PMP will be reviewed at least annually and updated as necessary. Figure 3.31 shows USAID assistance by sector.

**FIGURE 3.31**

**USAID DEVELOPMENT ASSISTANCE, CUMULATIVE DISBURSEMENTS, AS OF SEPTEMBER 30, 2015**

($ MILLIONS)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Cumulative Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>3,992</td>
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<tr>
<td>Stabilization</td>
<td>2,371</td>
</tr>
<tr>
<td>Governance</td>
<td>2,039</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1,927</td>
</tr>
<tr>
<td>Unpreferenced*</td>
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</tr>
<tr>
<td>Economic Growth</td>
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</tr>
<tr>
<td>Health</td>
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</tr>
<tr>
<td>Education</td>
<td>785</td>
</tr>
<tr>
<td>Program Support</td>
<td>249</td>
</tr>
</tbody>
</table>

Note: Numbers rounded. Agriculture programs include Alternative Development. Infrastructure programs include power, roads, extractives, and other programs that built health and education facilities, roads, extractives, and other programs that built health and education facilities.

* Unpreferenced funds are U.S. contributions to the ARTF that can be used for any ARTF-supported initiatives.


Development of Natural Resources

The World Bank believes development of Afghanistan’s natural resources can underpin future economic growth in the face of declining external aid. Likewise, President Ghani listed mining as one of the country’s most important economic assets in his interview with SIGAR. So far, however, mining has contributed only slightly to the country’s GDP. The FY 1394 Afghan budget projected annual mining revenues of AFN 2 billion, but actual receipts were only about AFN 479 million in the first eight months (24%). Compared to the same time last year, extractives revenue decreased approximately 24%. The need for infrastructure financing, Afghan progress on regulatory and legislative frameworks, and an improved security environment make the timing of significant revenues from this sector uncertain.

The majority of mining contracts and tenders are being reassessed by the Ministry of Mines and Petroleum (MOMP) due to what the minister called a lack of transparency in the award process under the Karzai administration.

“Unlocking the potential of extractive industries will require progress on the legislative framework as well as securing financing for the necessary infrastructure.”

USAID said the Afghan government continues to take a slow, methodical approach to the sector until it feels it has the capacity to manage tenders and contracts. Currently, the MOMP refuses to authorize any more sample/core drilling contracts.\textsuperscript{641} It is unclear how this may affect negotiated but yet-unsigned contracts, but it could cause further investor uncertainty.

Representatives from the U.S. and Afghan governments and the Afghan civil society organization Integrity Watch Afghanistan all agree that the MOMP still lacks the technical capacity to research, award, and manage contracts without external support despite receiving U.S. assistance since 2009. MOMP’s independently managed tenders were said to be severely flawed and rife with corruption.\textsuperscript{642}

In one high-value example, the Mes Aynak copper mine project in Logar Province is stagnant, even though the MOMP awarded the $3 billion contract for extraction rights to state-owned Metallurgical Corporation of China (MCC) in 2008.\textsuperscript{643} This is partly due to the continuing archeological mitigation of damage to cultural relics in the area and to landmine clearing.\textsuperscript{644} The MOMP announced this quarter that the Aynak demining program will be completed at the end of the year.\textsuperscript{645} Nevertheless, MCC wants to reduce its commitments, including building a power plant, smelter, and railway.\textsuperscript{646}

Also this quarter, the deputy minister of mines began a review of the Aynak contract with the license holder and developer. MOMP wants a firm schedule for MCC to complete the required feasibility study, initiate and complete construction of the mine and associated infrastructure, and begin commercial copper production. The MOMP also wants greater protection for the surrounding environment and affected communities. The first stakeholders meeting took place in July.\textsuperscript{647}

Contract negotiations for valuable Hajigak iron-ore concessions have been deadlocked since it was awarded in November 2011.\textsuperscript{648} The World Bank previously reported that hopes were fading for Aynak and Hajigak-related energy infrastructure that was supposed to be built as part of the mining projects.\textsuperscript{649}

For a list of contracts awaiting final Cabinet approval, see page 161 in SIGAR’s January 2015 Quarterly Report to the United States Congress.

**Mining Investment and Development for Afghan Sustainability**

This quarter, USAID’s Mining Investment and Development for Afghan Sustainability (MIDAS) program resumed geospatial/geographic-data training, and geophysics training for Afghan Geological Survey (AGS) staff; provided legal training on mineral-contract reviews and negotiations for MOMP staff; and reviewed shareholder and investment agreements, and supported planning and negotiations for the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project.\textsuperscript{650}
MIDAS continued cataloguing potential amendments to the mining law for the minister of mines and petroleum’s review. One proposed change would base exploration-license issuance on application filing order rather than competition. Another proposal would limit the number of licenses MOMP can issue to a single firm.651 MIDAS and USAID’s other extractives-assistance programs are listed in Table 3.24.

Hydrocarbons
Afghanistan’s efforts to develop its oil and gas reserves focus on the Amu Darya Basin and Afghan-Tajik Basin, both in northern Afghanistan.652 Afghanistan has only small-scale topping plants—early-stage refineries that can process only limited petroleum components of crude oil—and remains heavily dependent on fuel imports.653 The country imports 10,000 tons of oil products a day from Turkmenistan, Uzbekistan, Russia, Pakistan, and Iran,654 representing roughly one-fourth of all annual Afghan imports, or approximately $1.5 billion.655

This quarter, Tolo News reported that an Afghan government investigation found the China National Petroleum Corporation (CNPC) had violated the terms of its 2011 contract to extract oil from three blocks in the Amu Darya Basin. The government accused CNPC of owing the government $68 million for not developing land surrounding their operations as stipulated, and of improper extractions leading to corruption. CNPC has reportedly extracted about 627,000 barrels of crude oil so far.656 No update on the royalties the Afghan government has received from this extraction was available. While DOD’s former Task Force for Business and Stability Operations (TFBSO) provided technical assistance to the MOMP for this award, USAID, which funds the only U.S. government extractives assistance program in Afghanistan, is not involved and has no further information on this project.657

Sheberghan Programs
Sheberghan holds the potential for cheap natural-gas-generated power that could be competitive with imported power from Uzbekistan, according to the World Bank.658 USAID is supporting the Sheberghan project to help
Afghanistan identify and manage gas resources to be used for power generation through two mechanisms: (1) the $90 million, on-budget Sheberghan Gas Development Project (SGDP) to rehabilitate and drill wells in the Amu Darya Basin and fund a gas-gathering system and gas-processing plant; and (2) the $35 million, off-budget Sheberghan Gas Generation Activity (SGGA) for capacity building and technical assistance to the MOMP.659

USAID said the entire Sheberghan program is behind its original 2012 schedule due to a year-long absence of a minister of mines and petroleum, and because the government had to replace almost the entire Petroleum Authority staff. This quarter, Turkish Petroleum Corporation (TPAO), SGDP’s drilling contractor, completed drilling the first of three test wells, although the work has taken almost twice as long as the contract stipulated and is causing oversight challenges. The revised drilling schedule demanded all three wells to be completed by September 25, 2015. Last quarter, TPAO requested an extension to December 31, 2015, and again this quarter through January 2016. The MOMP rejected both revisions and said all work after October 10 is subject to penalties.660

Agriculture continues to be the main source of employment and subsistence for the Afghan population, accounting for about 25% of GDP, employing more than 50% of the labor force, and affecting the 75% of Afghans who depend on agricultural activities for their livelihoods.661 USAID believes agriculture can stimulate and sustain Afghan-led economic growth. USAID projects aim to help farmers improve their output and sales through new technology, management practices, and the cultivation of key high-value crops.

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 9/30/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan Agriculture Extension Project II (AAEP-II)</td>
<td>10/1/2014</td>
<td>9/30/2017</td>
<td>$19,814,702</td>
<td>$5,036,227</td>
</tr>
<tr>
<td>Agriculture Credit Enhancement II (ACE II)</td>
<td>6/24/2015</td>
<td>6/23/2018</td>
<td>18,234,849</td>
<td>620,416</td>
</tr>
<tr>
<td>Capacity Building and Change Management Program II (CBCMP II)</td>
<td>7/10/2014</td>
<td>7/9/2017</td>
<td>19,999,989</td>
<td>6,924,961</td>
</tr>
<tr>
<td>Digital Integration to Amplify Agriculture Extension in Afghanistan (DIAAEA)</td>
<td>11/30/2014</td>
<td>11/29/2015</td>
<td>391,000</td>
<td>265,525</td>
</tr>
<tr>
<td>Strengthening Afghan Agricultural Faculties (SAAF)</td>
<td>3/25/2011</td>
<td>12/31/2016</td>
<td>7,824,209</td>
<td>6,436,618</td>
</tr>
<tr>
<td>Mothers and Under-Five Nutrition and Child Health (MUNCH)</td>
<td>12/16/2014</td>
<td>12/31/2016</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Irrigation and Watershed Management Program (IWMP)</td>
<td>12/21/2012</td>
<td>12/20/2017</td>
<td>129,963,114</td>
<td>14,923,248</td>
</tr>
<tr>
<td>SERVIR</td>
<td>9/14/2015</td>
<td>9/30/2020</td>
<td>3,600,000</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: Some of the USAID programs listed receive both Alternative Development and Agriculture Development funds. For more information on Alternative Development programs, see Table 3.14 on p. 122 of this report.

Source: USAID, response to SIGAR data call, 10/8/2015.
crops, while also focusing on improving natural-resource management, and creating or rehabilitating irrigation and drainage systems. USAID reported that its agribusiness and trade activities work to stimulate agricultural-sector growth, create jobs, improve livelihoods, and boost local economies. Moreover, implementation for two follow-on projects, which were previously under the auspices of the U.S. Department of Agriculture—the Afghan Agricultural Extension Program and the Capacity Building and Change Management Program—aim to strengthen the capacity of the Ministry of Agriculture, Irrigation, and Livestock (MAIL). Since 2002, USAID has obligated approximately $2.4 billion to improve agricultural production, increase access to markets, and to develop income alternatives to growing poppy. Pages 121–127 of this quarterly report discuss USAID’s alternative-development programs. A list of all active USAID agriculture programs is found in Table 3.25.

**Agricultural Credit Enhancement II**

The Agricultural Credit Enhancement (ACE) II project is the technical-assistance/advisory-support component of the conditions-based, MAIL-led Agricultural Development Fund (ADF). The USAID-ADF grant to the MAIL extends agriculture-related credit access to small- and medium-sized farms and agribusinesses, in all regional economic zones, particularly to those like distributors, producers, processors, and exporters who add value to agricultural products. ACE II supports the ADF by encouraging other financial intermediaries—banks, farm stores, leasing companies, and food processors—to enter into agriculture-related finance. This quarter, USAID reported that with ACE help, ADF has cumulatively provided around $60 million: $21.8 million in loans to farmers in the north, $11 million in the central region, $14.1 million in the east, $4.1 million in the south, and $9.6 million in the west.

**ESSENTIAL SERVICES AND DEVELOPMENT**

Since 2002, the United States has provided reconstruction funds to increase electricity, build roads and bridges, and improve health and education in Afghanistan. This section addresses key developments in U.S. efforts to improve the government’s ability to deliver essential services such as electricity, transportation, health, and education.

**Power Supply**

Afghanistan has one of the lowest rates of electrification in the world, with only 25% of Afghans connected to the power grid—about the same proportion as those who live in cities. Afghanistan imports approximately 81% of its total electricity. Electricity imports are expected to rise in the near term, according to the World Bank, which also noted that limited access

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**SIGAR SPECIAL PROJECT**

This quarter, SIGAR again wrote to USAID about the utilization of the Tarakhil Power Plant. Based on information provided in USAID’s response to a past SIGAR inquiry letter about the plant, SIGAR found that the $335 million Tarakhil Power Plant, an apparently “vital component” of the electrical grid serving Kabul, remains severely underutilized. In fact, SIGAR analysis determined that power production has actually declined over time. In addition to running far below its full capacity, the plant contributes a relatively small amount of electricity to the power grid serving Kabul. For more information, see Section 2, p. 39.
to electricity is one of Afghanistan’s biggest constraints to private-sector development. Afghanistan will need regional cooperation to meet its energy demands.

**Regional Energy Initiatives**

On August 6, the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline leadership committee elected state-owned TurkmenGaz to lead the consortium. The $9 billion, 1,127-mile natural gas pipeline, will transport up to 33 billion cubic meters of natural gas per year from Turkmenistan to these other countries. The MOMP urged Afghan construction companies to participate in the TAPI effort; work is scheduled to begin in December 2015.

Afghanistan, through the Afghanistan-Tajikistan-Kyrgyzstan-Pakistan, Central Asia-South Asia Electricity Transmission and Trade project (CASA-1000) will receive electricity from 300 MW of generation capacity in Tajikistan and Kyrgyzstan, and will collect transit-fee revenue from electricity delivered to Pakistan. Construction was scheduled to begin in September 2015 and be completed in 2018. The $953 million project is financed by the World Bank, Islamic Development Bank, and European Investment Bank; USAID provided initial technical and financial support for the CASA-1000 Secretariat.

Another regional energy initiatives involving Afghanistan is the Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) transmission line that will enable power to be dispatched from Turkmenistan to Pakistan through Afghanistan. TUTAP is financed by the ADB and the ADB-administered Afghanistan Infrastructure Trust Fund, to which USAID contributes. Work is scheduled to be completed in 2020.

**U.S. Power Sector Assistance**

Since 2002, USAID obligated more than $2.2 billion to build generators, substations, and transmission lines, and provide technical assistance in the sector. USAID believes that economic expansion and increased employment depends on maintaining and improving Afghanistan’s electrical infrastructure. It is helping Afghanistan’s national electric utility, Da Afghanistan Breshna Sherkat (DABS), to increase electricity supply and revenue generation by improving sustainability, management, and commercial viability. For its part, DOD has provided approximately $292 million for power projects through the Commander’s Emergency Response Program, and roughly $1.1 billion through the Afghanistan Infrastructure Fund (AIF), which is jointly managed by DOD and State.

Afghanistan’s two primary power systems are the Northeast Power System (NEPS) and the Southeast Power System (SEPS). USAID has three projects to connect and increase the electricity supply in both systems:
1. The Power Transmission Expansion and Connectivity (PTEC) project to construct a transmission line connecting Kabul with Kandahar and build...
the capacity of DABS, to sustain energy-infrastructure investments; (2) the Sheberghan Gas Development Project (SGDP) to attract private investment to develop gas resources in Sheberghan and build power plants; and (3) the Kandahar-Helmand Power Project (KHPP), which includes installing a third turbine at Kajaki Dam and improving the transmission system connecting Kajaki with Kandahar.680 USAID’s active power-infrastructure projects are listed in Table 3.26.

Kandahar-Helmand Power Project

The KHPP is intended to increase power supply and reliability in Kandahar and Helmand Provinces.681 All USAID components of this project are closed out, except for a technical-support services subcomponent scheduled to end on November 30. Black and Veatch is providing technical support to DABS in its efforts to increase long-term, sustainable hydropower from Kajaki Dam by installing a third turbine, known as Unit 2, in the powerhouse.682

DOD said ongoing fighting in northern Helmand Province continued to challenge contractors at Kajaki Dam and SEPS construction sites between Tangi and Sangin. Insurgent activity this quarter continued to cause road closures along Route 611—the road leading from Sangin to Kajaki—delaying delivery of construction materials and possibly affecting project completion.683 The turbine-installation completion date was revised to July 2016 and is 30% achieved.684

Last quarter, Black and Veatch reported delays in both project and design schedules.685 However, this quarter USAID reported that the civil design is complete and approved by GFA Consulting Ltd., DABS’s

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**USAID ACTIVE POWER-INFRASTRUCTURE PROJECTS**

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 9/30/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kandahar Helmand Power Project</td>
<td>12/9/2010</td>
<td>11/30/2015</td>
<td>$229,222,002</td>
<td>$227,069,778</td>
</tr>
<tr>
<td>Power Transmission Expansion and Connectivity</td>
<td>1/1/2013</td>
<td>12/31/2018</td>
<td>$670,000,000</td>
<td>52,730,385</td>
</tr>
<tr>
<td>Contribution to the Afghanistan Infrastructure Trust Fund</td>
<td>3/7/2013</td>
<td>3/6/2018</td>
<td>$113,670,184</td>
<td>105,000,000</td>
</tr>
<tr>
<td>Kajaki Dam Unit 2</td>
<td>4/22/2013</td>
<td>12/31/2015</td>
<td>$75,000,000</td>
<td>33,604,487</td>
</tr>
<tr>
<td>Public Awareness Campaign to Increase Afghans’ Knowledge of Energy Development Programs</td>
<td>2/1/2014</td>
<td>1/31/2016</td>
<td>$1,789,224</td>
<td>1,439,504</td>
</tr>
<tr>
<td>Utility Executive Exchange</td>
<td>9/30/2007</td>
<td>9/30/2017</td>
<td>$698,555</td>
<td>698,555</td>
</tr>
<tr>
<td>PEER Grants</td>
<td>7/25/2011</td>
<td>7/24/2016</td>
<td>$5,440,647</td>
<td>5,440,647</td>
</tr>
</tbody>
</table>

Note: The Sheberghan Gas Generation Activity (SGGA), Sheberghan Gas Development Project (SGDP), and Mining Investment and Development for Afghan Sustainability (MIDAS) programs, which are categorized under the power sector in USAID’s funding pipeline report, are listed in the extractives-sector programs subsection on p. 175 of this report.

Source: USAID, response to SIGAR data call, 10/8/2015.
construction-management consultant; the mechanical design is under GFA review; and the electrical design is scheduled to be submitted for GFA review in November 2015. USAID said design delays have not affected project completion dates.686 No updated contractor reports were provided to SIGAR this quarter.

Kandahar Bridging Solution

The Kandahar Bridging Solution (KBS), which provided fuel and technical support to operate and maintain diesel power-generation plants in Kandahar City while turbine-installation work at Kajaki Dam is under way, expired on September 30, 2015.687 DOD disbursed almost $141 million since FY 2011 for this effort through the AIF.688

The United States has no plans for additional funding for the diesel generators. State and DOD said that DABS requested no additional assistance, expressing confidence it can operate and fund the generators that have been under its control since December 2013.689 DOD added that DABS, which is planning to contribute $4 million in FY 2016 to fuel the generators, could absorb the cost and/or raise customer rates, if necessary.690 However, USAID told SIGAR that when DABS considered raising rates last year to pay for diesel after DOD subsidies ended, it faced difficulties convincing the Kandahar governor and community to accept higher prices.691

State expects electricity rates in Kandahar to rise significantly higher than the previously subsidized rate and said DABS is considering a progressive rate based on usage. USAID will continue to train DABS in revenue-generation and cost-recovery strategies, but State maintained
that the Afghan government is ultimately responsible for Kandahar’s electricity supply.692

**Power Transmission Expansion and Connectivity Program**

The U.S.-funded PTEC program was designed to strengthen and expand Afghanistan’s power-generation, transmission, and distribution systems, including funding the 320-mile transmission line between Kabul and Kandahar to connect NEPS with SEPS.693 PTEC’s DABS commercialization and capacity-building components aim to increase revenues using utility management software in Kabul, Mazar-e Sharif, Herat, and Jalalabad, while reducing technical and commercial losses through training and support.694

Construction has started on the transmission line and substations between Arghandi and Ghazni, the first segment of the NEPS-SEPS connector, which USAID sees as essential for power-sector development. USAID reported that equipment is arriving after being delayed by customs and that construction is moving forward, but is about a month behind schedule. To date, $52.7 million has been disbursed to PTEC contractors for this effort.695

In support of the second segment, Ghazni to Kandahar, $179.5 million from FY 2013 AIF funds was reprogrammed and transferred to USAID after DOD cancelled construction at Dahla Dam in Kandahar Province.696 Another $55 million in FY 2014 AIF funds is being transferred. Furthermore, an additional $300 million was deobligated from the Asian Development Bank-administered Afghanistan Infrastructure Trust Fund (AITF) and returned to PTEC to ensure this segment remains a construction priority. These monies are being used as a direct-assistance award to DABS for two requests for proposals to construct this segment of the transmission line and five substations. Bids for the substations and transmission lines were submitted and are under evaluation by DABS.697

On September 8, DABS, with USAID funding, issued a request for proposals for the design and construction of a Salang Tunnel substation and associated infrastructure; a subcomponent of NEPS expansion. Bids are due on November 8, and project completion is expected by October 2017.698

To help bridge the gap between Kandahar’s electric-generation capacity and demand until the NEPS-SEPS transmission line is completed, PTEC is funding a reverse auction whereby independent power producers will compete to construct and sell power to DABS from a solar power plant. This plant, expected to be operational by mid-to-late 2016, may be able to operate at an installed capacity of 10 MW of power compared to the diesel generators funded through the Bridging Solution, which have a combined average output of 8–13 MW.699 USAID reported this quarter that DABS accepted a power-purchase agreement and tariff rate ceiling, and the construction of an 11.2-mile overhead transmission line connecting the solar plant to the distribution substation. The MOF transferred 60 acres of land to DABS for this effort.700
### AFGHANISTAN INFRASTRUCTURE FUND POWER PROJECTS, AS OF SEPTEMBER 23, 2015 ($ MILLIONS)

<table>
<thead>
<tr>
<th>AIF Project</th>
<th>Description</th>
<th>Notified Amount</th>
<th>Obligated</th>
<th>Disbursed</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kandahar Power Bridging Solution</td>
<td>Provides fuel and O&amp;M for diesel generators in Kandahar City</td>
<td>$40.5</td>
<td>$39.1</td>
<td>$39.1</td>
<td>Complete</td>
</tr>
<tr>
<td>SEPS - Kajaki Dam-Lashkar Gah</td>
<td>Repair, install transmission lines and rebuild, construct power substations</td>
<td>130.0</td>
<td>67.0</td>
<td>51.8</td>
<td>Terminated Due to Security Cost Increase</td>
</tr>
<tr>
<td>NEPS - SEPS Connector, Arghandi to Ghazni</td>
<td>Design, construct transmission line and substation (first segment of NEPS-SEPS connection) USAID: PTEC</td>
<td>101.0</td>
<td>101.0</td>
<td>20.1</td>
<td>Under Construction</td>
</tr>
<tr>
<td>NEPS - Arghandi to Pul-e Alam</td>
<td>Design, construct transmission line and power substations</td>
<td>93.7</td>
<td>51.8</td>
<td>12.2</td>
<td>In Design</td>
</tr>
<tr>
<td>Kandahar Power Bridging Solution</td>
<td>Provides fuel and O&amp;M for diesel generators in Kandahar City</td>
<td>67.0</td>
<td>64.7</td>
<td>64.7</td>
<td>Complete</td>
</tr>
<tr>
<td>SEPS - Maidwand to Durai Junction - Phase 2</td>
<td>Design, construct transmission line; rebuild and construct substations</td>
<td>40.0</td>
<td>29.5</td>
<td>3.7</td>
<td>In Design</td>
</tr>
<tr>
<td>NEPS - Pul-e Alam to Gardez - Phase 2</td>
<td>Design, construct transmission line and power substation</td>
<td>77.5</td>
<td>70.2</td>
<td>37.3</td>
<td>Transmission Line Under Construction; Substation in design</td>
</tr>
<tr>
<td>NEPS - Charkar to Gul Bahar and Nejrab - Phase 3</td>
<td>Design, construct transmission lines and power substation</td>
<td>42.5</td>
<td>38.8</td>
<td>14.1</td>
<td>Transmission Line Under Construction; Substation In Design</td>
</tr>
<tr>
<td>Kandahar Power Bridging Solution</td>
<td>Provides fuel and O&amp;M for diesel generators in Kandahar City</td>
<td>37.0</td>
<td>34.0</td>
<td>34.0</td>
<td>Complete</td>
</tr>
<tr>
<td>NEPS - Charkar to Gul Bahar and Nejrab -Phase 3</td>
<td>Design, construct transmission lines and power substation</td>
<td>33.0</td>
<td>25.3</td>
<td>13.4</td>
<td>Transmission Line Under Construction; Substation In Design</td>
</tr>
<tr>
<td>SEPS Completion - Phase 1</td>
<td>Design, construct, and rehabilitate substations in Tangi, Sangin North and South</td>
<td>15.0</td>
<td>64.6</td>
<td>36.2</td>
<td>Under Construction; Security Challenges</td>
</tr>
<tr>
<td>Design, construct, transmission lines from Sangin North to Lashkar Gah</td>
<td></td>
<td>60.0</td>
<td></td>
<td></td>
<td>In Design</td>
</tr>
<tr>
<td>NEPS - SEPS Connector, Ghazni to Kandahar</td>
<td>Design, Construct transmission line and substations. Final Phase of NEPS-SEPS connector. USAID: PTEC</td>
<td>179.5</td>
<td>179.5</td>
<td>0.0</td>
<td>Bids Received; Under Evaluation by DABS</td>
</tr>
<tr>
<td>Kandahar Power Bridging Solution</td>
<td>Provides fuel and O&amp;M for diesel generators in Kandahar City</td>
<td>20.0</td>
<td>3.9</td>
<td>2.9</td>
<td>Bridging Solution ended; $16 million reprogrammed</td>
</tr>
<tr>
<td>SEPS Completion - Phase 2</td>
<td>Design, construct transmission line, and install equipment and commission substations</td>
<td>55.0</td>
<td>0.0</td>
<td>0.0</td>
<td>Transferring to USAID</td>
</tr>
<tr>
<td>NEPS - Gardez to Khowst - Phase 4</td>
<td>Design, construct transmission line and substation. DOD’s final contribution to NEPS</td>
<td>130.0</td>
<td>124.0</td>
<td>0.4</td>
<td>Contract Awarded</td>
</tr>
</tbody>
</table>

Note: All AIF projects are to be sustained by Afghanistan’s Ministry of Energy and Water, and Da Afghanistan Breshna Sherkat (DABS), Afghanistan’s national power utility. Notified amount reflects estimated project ceiling cost. Obligations and disbursements are as of 8/31/2015. All other information is as of 9/23/2015.

Afghanistan Infrastructure Fund Programs

AIF projects were initiated to support critical counterinsurgency and economic development objectives in Afghanistan. DOD’s mission has since evolved to advising and assisting Afghan security forces and ministries, as well as counterterrorism operations, but AIF projects remain a high priority, with an expected four million to five million Afghan beneficiaries. This quarter, DOD remained focused on implementing power projects to complete its portion of the NEPS and SEPS using FY 2011–FY 2014 AIF money (no FY 2015 AIF funds were requested or appropriated), as shown in Table 3.27.702

The Ministry of Energy and Water and DABS will be responsible for sustaining these projects, including O&M costs once they are completed and turned over to the government. DOD has notified Congress that increased revenue from an expanded customer base and improved collection capabilities will help DABS provide long-term sustainment of AIF infrastructure. DABS has recently started to pay for more of its operating expenses, but nonrecurring major capital-infrastructure expenses are still mainly funded by donors. SIGAR has raised questions about DABS’s capacity and said Afghanistan lacks the resources necessary to pay for O&M.705

**TRANSPORTATION**

Afghanistan’s lack of transportation infrastructure hinders internal commerce, foreign trade, and economic growth. The World Bank said Afghanistan’s transportation-infrastructure shortcomings constrain the service and agriculture sectors, which have typically been the leading drivers of the economy. It also holds back the mining industry, whose future revenues the Afghan government and international donor community are counting on to offset declining international aid. This quarter, the United States continued its efforts to develop the capacity of the Ministry of Public Works in the areas of road construction, operations, and maintenance.

**Roads**

The United States has disbursed approximately $2.4 billion cumulatively for road construction and O&M, and will spend up to $5 million this year for additional O&M. Yet the World Bank has said 85% of Afghan roads are in poor shape and a majority cannot be used by motor vehicles. Afghanistan does not currently have sufficient funding and technical capacity to maintain its roads and highways, according to USAID. Afghanistan is estimated to spend $17 million annually for O&M, leaving a projected $100 million annual shortfall. USAID’s active road construction and O&M programs are listed in Table 3.28 on the following page. The largest is Engineering, Quality Assurance, and Logistical Support (EQUALS), which provides architectural, engineering, and construction-quality-assurance services, and other management support for infrastructure development projects.
The four-phase, $233 million, 63-mile, asphalt-paved highway project gives Khowst and Paktiya Provinces access to major trading routes to Pakistan, Kabul, and to the Ring Road connecting Kabul, Kandahar, and Herat. It includes bridges, causeways, drainage structures, excavation, “river training” structures to control flow and sedimentation, and asphalt pavement.

The $33 million phase IV is the only ongoing USAID-funded road construction project. The three previous phases are complete with 55 miles of road paved. The remaining road and bridge construction is scheduled to be completed by December 2015. As of September 24, 2015, $25.5 million has been disbursed.
ECONOMIC AND SOCIAL DEVELOPMENT

The World Bank ranked Afghanistan 183rd overall in its annual Doing Business 2015 review of business regulations for domestic companies in 189 economies. At the SOM, President Ghani stressed the need for accountability in carrying out the difficult economic reforms needed for Afghanistan to build a competitive, export-oriented economy, with access to neighboring markets.

As of September 30, 2015, USAID had disbursed approximately $1 billion cumulatively for economic growth programs in Afghanistan. Active programs can be found in Table 3.29.

### Table 3.29

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 9/30/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan Trade and Revenue Project (ATAR)</td>
<td>11/7/2013</td>
<td>11/6/2017</td>
<td>77,754,267</td>
<td>32,826,032</td>
</tr>
<tr>
<td>Afghanistan Public Financial Management (APFM)</td>
<td>7/27/2015</td>
<td>7/26/2018</td>
<td>22,130,033</td>
<td>0</td>
</tr>
<tr>
<td>Afghan Women’s Leadership in the Economy (AWLE)</td>
<td>7/1/2015</td>
<td>6/30/2020</td>
<td>71,571,543</td>
<td>80,819</td>
</tr>
<tr>
<td>Regenerating Murad Khane</td>
<td>11/2/2008</td>
<td>11/1/2015</td>
<td>10,637,111</td>
<td>10,084,791</td>
</tr>
<tr>
<td>Turquoise Mountain Smithsonian Exhibition</td>
<td>3/9/2015</td>
<td>12/31/2016</td>
<td>535,055</td>
<td>26,205</td>
</tr>
<tr>
<td>IFC Pio Grant - Support of Business Environment Reform</td>
<td>10/15/2010</td>
<td>10/30/2017</td>
<td>4,030,000</td>
<td>4,030,000</td>
</tr>
<tr>
<td>AIB Guarantee Agreement</td>
<td>9/27/2012</td>
<td>9/27/2020</td>
<td>2,000,000</td>
<td>190,400</td>
</tr>
<tr>
<td>DCA with RNCA OXUS and 1st Microfinance Banks</td>
<td>9/25/2014</td>
<td>9/24/2020</td>
<td>1,953,875</td>
<td>0</td>
</tr>
<tr>
<td>Commercial Law Development Program</td>
<td>3/1/2014</td>
<td>9/30/2019</td>
<td>10,000,000</td>
<td>1,104,131</td>
</tr>
<tr>
<td>Afghanistan Workforce Development Program (AWDP) On-Budget</td>
<td>9/18/2013</td>
<td>4/3/2016</td>
<td>30,000,000</td>
<td>1,321,456</td>
</tr>
<tr>
<td>E-Government Resource Center II</td>
<td>8/28/2013</td>
<td>6/1/2016</td>
<td>3,900,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Mobile-izing Saving Study</td>
<td>N/A</td>
<td>N/A</td>
<td>50,022</td>
<td>50,022</td>
</tr>
<tr>
<td>Assistance in Building Afghanistan by Developing Enterprise (ABADE)</td>
<td>10/16/2012</td>
<td>10/16/2016</td>
<td>104,997,656</td>
<td>55,722,201</td>
</tr>
<tr>
<td>Strengthening the Revenue Collection Capacity of GIROA</td>
<td>11/30/2014</td>
<td>12/30/2018</td>
<td>4,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Regional Water Management</td>
<td>N/A</td>
<td>N/A</td>
<td>3,750,000</td>
<td>0</td>
</tr>
<tr>
<td>Rebranding Afghanistan</td>
<td>11/2/2015</td>
<td>11/1/2018</td>
<td>4,800,000</td>
<td>0</td>
</tr>
<tr>
<td>Afghanistan Investment Climate Program</td>
<td>3/27/2015</td>
<td>3/26/2020</td>
<td>13,300,000</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: USAID, response to SIGAR data call, 10/8/2015.

ECONOMIC GROWTH

The World Bank ranked Afghanistan 183rd overall in its annual Doing Business 2015 review of business regulations for domestic companies in 189 economies. At the SOM, President Ghani stressed the need for accountability in carrying out the difficult economic reforms needed for Afghanistan to build a competitive, export-oriented economy, with access to neighboring markets.

As of September 30, 2015, USAID had disbursed approximately $1 billion cumulatively for economic growth programs in Afghanistan. Active programs can be found in Table 3.29.

Afghanistan Public Financial Management

USAID’s three-year, $22 million, Afghanistan Public Financial Management (APFM) program was launched on July 27, 2015. It is the United States’
principal off-budget effort to help strengthen the Afghan government’s ability to generate and domestic revenue, manage its budget, and become more fiscally sustainable. The program aims to build the government’s capacity for forecasting revenue; increasing payment compliance, collection, and transfers to the treasury; and budget planning, execution, monitoring, reporting, and coordination.719

**Assistance in Building Afghanistan by Developing Enterprises**

USAID’s four-year, $105 million, Assistance in Building Afghanistan by Developing Enterprises (ABADE) aims to help small-to-medium enterprises (SMEs) add jobs, increase investment, and improve sales of domestic products and services through public-private alliances (PPAs). ABADE has three components: implementing approved PPAs; identifying, selecting, and supporting the alliances with technical-assistance and business-advisory services; and working with the government to improve the environment for business.720

From April through June 30, 2015, 23 PPAs worth $3.4 million were completed and closed out. Of that, ABADE contributed $400,000 worth of equipment; the SMEs covered the rest. Twenty-eight new PPAs were signed valued at $18 million, of which ABADE contributed $2.6 million. As of October 3, 2015, ABADE had 183 active PPAs valued at $193.9 million, of which its contribution is $24.9 million, with the rest invested by the SMEs—almost a 7 to 1 ratio.721

Also during this time, ABADE helped identify the technology, equipment, production processes, and systems needed for their investments; it trained 475 people, 66 of them women, in financial, operational, general-management, and other high-value skills; completed an initiative that identified the constraints to growth in the carpet industry; and assisted female SMEs as they navigated business registration and tax requirements.722

**EDUCATION**

Minister of Education Balkhi told parliament last quarter that more than half of all Afghan teachers do not have the necessary skill sets, the general-education curriculum is insufficient, students do not have timely access to textbooks, and educational services are unbalanced.723 This quarter, the Independent Joint Anti-Corruption Monitoring and Evaluation Committee (MEC) determined that efforts to improve teaching quality are being subverted by a recruitment system that is highly vulnerable to corruption, and that Afghan students’ educations are being “significantly undermined by bribery and nepotism.”724 For more information on the MEC’s report on corruption vulnerabilities in teacher recruitment at the Ministry of Education, see page 154 of this report.
The United States aims to improve Afghan access to quality education by promoting capacity building, providing assistance for learning materials and teacher development, establishing community-based classes in remote regions, and increasing and strengthening higher-education systems to better prepare Afghans for employment. As of September 30, 2015, USAID disbursed more than $785 million for education programs in Afghanistan.

**Ministry of Education Data**

According to the Education Management Information System (EMIS), Afghanistan reportedly has 15,030 general education (government) schools, including 639 inactive schools, with 8.6 million students enrolled. The number of enrolled students is the sum of present and absent students. Students can be absent for up to three years and still count as enrolled in MOE data because they “might” return to school.

EMIS does not track which schools are open or closed at any given time, nor does it track teacher and student attendance. Currently, figures are not independently verified. The MEC said that “ghost teachers” has been a long-standing problem, and found that in most cases student attendance sheets are not filled out or are frequently forged.

Minister Balkhi confirmed that some nonexistent schools receive funding in insecure areas and that EMIS data on the number of functioning schools are imprecise. The Ministry of Education (MOE) is working to improve the data quality; it started its own data-quality assessment and hired a third-party monitoring firm to verify a sample of EMIS data. In August 2015, provincial teams were assigned to collect more reliable figures for 6,000 schools across all 34 provinces. Field work began September 1 and data collection was scheduled to be completed by September 20. The assessment report was not finalized as of October 12.

**USAID Programs**

USAID aims to help Afghans with equitable access to education and relevant, in-demand technical skills. Programs will focus on early-grade reading, higher literacy rates through training and coaching to teacher and educators, textbooks, and other learning material. USAID’s priority education programs are aligned with Afghanistan’s objectives to increase quality education, improve workforce development, and strengthen the quality of higher education.

The programs are:

- **Basic Education, Learning, and Training (BELT):** an overarching basic education program that aims to improve education access and quality. BELT encompasses a number of activities, including a new national early-grade reading program. A contract to produce a 20-month national reading assessment of 2nd and 4th grade students was awarded on July 27, 2015. The results of the assessment can provide opportunities...
for early-stage intervention, and test ministry capacity to implement nationwide intervention, if necessary.

- **American University of Afghanistan (AUAF):** This quarter, USAID signed a contract modification to provide an additional $5.9 million for scholarships for 20 Afghan female government-ministry employees to pursue MBA degrees, and to expand scholarship study for women in AUAF’s Professional Development Institutes by opening a center in Jalalabad.

- **Afghanistan University Support and Workforce Development Program (USWDP):** strengthens the ability of the Ministry of Higher Education (MOHE) and 11 public universities to deliver market-relevant education services. This quarter, USWDP hired a senior advisor for the MOHE minister to assist in academic planning and program coordination; provided technical support for the National Higher Education Strategic Plan; completed a comprehensive assessment of Jowzjan University; signed a letter of agreement with Herat University; and supported a Partnership Agreement between Herat University and Purdue Universities.

- **Community Based Education:** provides access to basic education in 13 provinces. As of September 2015, 802 Community Based Education schools and 56 accelerated learning centers have been established providing access to more than 43,000 boys and girls.

- **Education Quality Improvement Project (EQUIP) II:** USAID funds teacher training through World Bank-administered EQUIP II. More than

### TABLE 3.30

**USAID ACTIVE EDUCATION PROGRAMS**

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Estimated Cost ($)</th>
<th>Cumulative Disbursements, as of 9/30/2015 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support to American University of Afghanistan</td>
<td>8/1/2013</td>
<td>7/31/2018</td>
<td>$40,000,000</td>
<td>16,493,425</td>
</tr>
<tr>
<td>Strengthening Education in Afghanistan (SEA II)</td>
<td>5/19/2014</td>
<td>5/18/2019</td>
<td>$29,835,920</td>
<td>5,001,568</td>
</tr>
<tr>
<td>PROMOTE Scholarships</td>
<td>3/4/2015</td>
<td>3/3/2020</td>
<td>$1,247,522</td>
<td>$1,247,522</td>
</tr>
<tr>
<td>Assessment of Learning Outcomes and Social Effects in Community-Based Education</td>
<td>1/1/2014</td>
<td>12/31/2017</td>
<td>$7,262,016</td>
<td>1,194,883</td>
</tr>
<tr>
<td>Afghanistan University Support and Workforce Development Program</td>
<td>1/1/2014</td>
<td>12/31/2018</td>
<td>$91,927,769</td>
<td>17,677,499</td>
</tr>
<tr>
<td>Increasing Access to Basic Education and Gender Equality</td>
<td>9/17/2014</td>
<td>12/31/2019</td>
<td>$77,402,457</td>
<td>54,027,000</td>
</tr>
<tr>
<td>Early Grade Reading Survey</td>
<td>7/27/2015</td>
<td>3/27/2017</td>
<td>$12,487,469</td>
<td>0</td>
</tr>
<tr>
<td>BELT/All Children Reading and Improved Access</td>
<td>7/27/2015</td>
<td>3/27/2017</td>
<td>$427,585</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: USAID, response to SIGAR data call, 10/8/2015.
84,000 teachers have been trained with U.S. government assistance. All funds for teacher training have been utilized, so no additional teachers were trained for the last two quarters. A full list of USAID’s active education programs can be found in Table 3.30.

**HEALTH**

Afghanistan has registered improvements in its health indicators since 2002, though it remains below average for low-income countries and has one of the world’s highest levels of child malnutrition, according to the World Bank. U.S. health-sector programs aim to preserve and enhance gains made since 2002. USAID assistance to the Ministry of Public Health (MOPH) includes capacity-building, training, and quality-assurance activities to strengthen the ministry’s management and control over health-care delivery across Afghanistan.

**USAID Funding**

U.S. on- and off-budget assistance disbursed to Afghanistan’s health sector totaled more than $955 million, as of September 30, 2015. On-budget assistance to the MOPH provides basic health-care and essential hospital services. Off-budget assistance includes activities to strengthen health systems, engage the private sector, reduce child and maternal deaths, reduce tuberculosis-related deaths, reduce undernutrition, improve the use of modern family-planning methods, and eliminate polio.

**USAID Health Programs**

USAID believes that the MOPH’s ownership of and ability to deliver quality health care through the Basic Package of Health Services (BPoS) and Essential Package of Hospital Services (EPHS)—the cornerstone of health service delivery in Afghanistan—is critical to improve health outcomes. Between 2015 and 2018, USAID will aim to further improve health services, outcomes, and access for women, infants, and children. USAID’s active health programs have a total estimated cost of $752.2 million, and are listed in Table 3.31 on the following page.

As part of increasing MOPH capacity, this quarter the USAID-funded Strengthening Pharmaceutical Systems (SPS) project migrated away from procuring essential drugs and commodities to providing technical assistance to the organizations and facilities that do, as well as to the MOPH. SPS was extended 22 months to July 2017.

In other developments this quarter, USAID transitioned funding support for health services in 13 provinces through its Partnerships Contract for Health (PCH) program to the System Enhancement for Health Action in Transition (SEHAT) program serving all 34 provinces. Additionally, USAID ended its MOPH capacity-building Health Policy Project to regulate healthcare delivery across Afghanistan.

**SIGAR AUDIT**

An ongoing SIGAR audit is focusing on USAID’s efforts to support and improve Afghanistan’s healthcare services and focuses on the extent to which USAID assessed the overall impact of its efforts and the extent to which USAID collects, verifies, and reconciles healthcare data to determine its accuracy.

**SIGAR SPECIAL PROJECTS**

On August 18, 2015, SIGAR wrote to USAID, addressing USAID’s response to a request for a list and locations of PCH-supported health facilities (see SIGAR 15-67-SP). In its response, USAID sent SIGAR an updated list of 586 PCH-supported health facilities, which is 55 fewer facilities than the original list of 641 that SIGAR originally analyzed. After analyzing the updated list, SIGAR found new irregularities that led the agency to believe that the updated list may contain errors. In a related special project, SIGAR provided its findings after conducting 23 site inspections of USAID-supported health facilities in Herat Province. For more information, see Section 2, pp. 39–41.

**BPHS:** provides primary health care services—such as immunizations and prenatal care—at small and rural health clinics and forms the core of health service delivery for all primary care facilities in Afghanistan.

**EPHS:** outlines the medical services each type of hospital in the Afghan health care system should provide in terms of general services, staff, equipment, diagnostic services, and medications while promoting a health referral system that integrates the BPHS with hospitals.

the health sector, manage public-private partnerships, and strengthen financial management of health resources. USAID is still supporting these same components and providing technical assistance to MOPH staff through the Health Sector Resiliency project.744

System Enhancement for Health Action in Transition

In an effort to consolidate health-sector support of the three main financiers of BPHS and EPHS (USAID, the World Bank, and the European Union), in January 2014, USAID began transitioning away from its PCH program—the core service-delivery component of its health services in 13 provinces—toward the World Bank-administered SEHAT, which provides similar support in all 34 Afghan provinces. That transition was completed on June 30, 2015. SEHAT-contracted nongovernmental organization (NGO) health-service providers are allowed greater flexibility than under PCH to procure medicines and medical equipment, as well as setting and modifying their budgets, in order to adapt to changing health-care needs on the ground.745

Under SEHAT phase II, USAID contributions will be disbursed through the ARTF.746 The United States has contributed $107.5 million to SEHAT

In October 2014, the MEC reported a “dramatic increase in the importation of poor quality medicine” with 50% of the market composed of illegally imported products.

since 2002; around 4.4% of total U.S. contributions to the ARTF, according to USAID.\textsuperscript{747}

**Afghanistan Demographic and Health Survey**
USAID is funding the Afghanistan Demographic and Health Survey (ADHS), a nationally representative survey designed to provide health and demographic information to help the Afghan government develop modern health and social programs. The survey will also build the government’s commitment to evidence-based decision making and capacity to develop and conduct future surveys.\textsuperscript{748} ADHS results will be compiled according to international standards and be comparable to results collected in other countries.\textsuperscript{749}

Survey teams were deployed in June to all 34 provinces to begin data collection. USAID reported that field teams and staff in Zabul, Uruzgan, and Badghis Provinces have not been able to access certain household clusters due to security risks. Some project areas were relocated as a result, but USAID said the scope of work has not changed. Insecurity in those three provinces, as well as in Nuristan, Helmand, Farah, and Kandahar, also caused some field-work delays, but USAID said the deadline for survey completion is unaffected.\textsuperscript{750}
4 OTHER AGENCY OVERSIGHT
OTHER AGENCY OVERSIGHT CONTENTS

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Troopers of the U.S. 5th Cavalry Regiment man an observation post while Afghan combat engineers conduct route clearance in Wardak Province, Afghanistan. (U.S. Army photo by First Lieutenant Yau-liong Tsai)
OTHER AGENCY OVERSIGHT

SIGAR’s enabling legislation requires it to keep the Secretary of State and the Secretary of Defense fully informed about problems relating to the administration of reconstruction programs, and to submit a report to Congress on SIGAR’s oversight work and on the status of the U.S. reconstruction effort no later than 30 days after the end of each fiscal quarter.

Each quarter, SIGAR requests updates from other agencies on completed and ongoing oversight activities. This section compiles these updates. Publicly available copies of completed reports are posted at the agencies’ respective websites.

The descriptions appear as submitted, with minor changes to maintain consistency with other sections of this report: acronyms and abbreviations in place of full names; standardized capitalization, punctuation, and preferred spellings; and third-person instead of first-person construction.

These agencies perform oversight activities in Afghanistan and provide results to SIGAR:

- Department of Defense Office of Inspector General (DOD IG)
- Department of State Office of Inspector General (State OIG)
- Government Accountability Office (GAO)
- U.S. Army Audit Agency (USAAA)
- U.S. Agency for International Development Office of Inspector General (USAID OIG)
OTHER AGENCY OVERSIGHT

COMPLETED OVERSIGHT ACTIVITIES

Table 4.1 lists the five oversight projects related to reconstruction that participating agencies reported as completed this quarter.

TABLE 4.1

<table>
<thead>
<tr>
<th>Agency</th>
<th>Report Number</th>
<th>Date Issued</th>
<th>Project Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>State OIG</td>
<td>AUD-MERO-16-04</td>
<td>10/2/2015</td>
<td>Fuel Storage at Embassy Kabul and Camp Sullivan</td>
</tr>
<tr>
<td>GAO</td>
<td>GAO-15-458SU</td>
<td>6/17/2015</td>
<td>Combating Terrorism: Steps Taken to Mitigate Threats to Locally Hired Staff, but State Department Could Improve Reporting on Terrorist Threats</td>
</tr>
</tbody>
</table>

Source: DOD IG, response to SIGAR data call, 9/14/2015; State OIG, response to SIGAR data call, 9/21/2015; GAO, response to SIGAR data call, 9/18/2015; USAAA, response to SIGAR data call 9/18/2015; USAID OIG, response to SIGAR data call, 9/10/2015.

U.S. Department of Defense Office of Inspector General

During this quarter, DOD IG issued one report related to Afghanistan reconstruction.

Independent Auditor's Report on the Examination of DoD Execution of Afghanistan National Army Trust Fund Donations to the Afghanistan Security Forces Fund


DOD IG examined management’s assertion of the receipts and expenditures, as of June 30, 2014, for projects fully funded from the North Atlantic Treaty Organization (NATO) Afghanistan National Army (ANA) Trust Fund contributions received into the Afghanistan Security Forces Fund (ASFF) in fiscal year (FY) 2013 or earlier. Note: The Deputy Comptroller excluded from their assertion any projects funded with FY 2014 or later funds, which also excluded the reporting of any prior collections, obligations, and disbursements related to these projects.

This is the second examination of the NATO ANA Trust Fund. The Deputy Comptroller (Program/Budget), Office of the Under Secretary of Defense (Comptroller) (Deputy Comptroller) asserted that the receipts and expenditures from the NATO ANA Trust Fund contributions were fairly presented. In DOD IG's opinion, because of the significance of the material variances described in the preceding paragraph, management’s assertion of the receipts and expenditures of projects fully funded with contributions to the NATO ANA Trust Fund in FY 2013 or earlier was not presented fairly in accordance with generally accepted accounting principles.
U.S. Department of State Office of Inspector General-Middle East Regional Operations

During this quarter, State OIG released one reports related to Afghanistan reconstruction; the report is classified.

Fuel Storage at Embassy Kabul and Camp Sullivan
(Report No. AUD-MER-16-04, Issued October 2, 2015)
This report is classified.

Government Accountability Office

During this quarter, GAO issued three reports related to Afghanistan reconstruction; two of the reports are classified.

Diplomatic Security: State Department Should Better Manage Risks to Residences and Other Soft Targets Overseas

The Department of State (State) conducts a range of activities to assess risks to residences overseas. For instance, State tracks information on overseas residences in its property database, establishes threat levels at overseas posts, develops security standards for different types of residences and threat levels, and requires posts to periodically conduct residential security surveys. However, 17 of the 68 surveys for residences GAO reviewed were untimely or missing. Without up-to-date security surveys of all its overseas residences, State’s ability to identify and address vulnerabilities or make informed decisions about where to allocate resources for security upgrades is limited.

State has taken steps to update its residential security standards; however, these updates have not been timely, and the standards are difficult to use. According to State officials, updating residential security standards should take about 75 days, but all three updates since 2005 took more than three years each. State is making efforts to improve the timeliness of such updates in response to a prior GAO recommendation. In addition, while federal internal-control standards state that policy standards should be clear and consistent to support good decision making, State’s standards and other security-related guidance for residences have gaps and inconsistencies, complicating posts’ efforts to determine and apply the appropriate security measures and potentially leaving some residences at risk.

State addresses security vulnerabilities at residences by installing various upgrades intended to help residences meet security standards, but 38 of the 68 residences GAO reviewed did not meet all applicable standards. For example, eight residences did not meet the standards for perimeter barriers. When residences do not and cannot meet all applicable security standards, posts are required to request exceptions, which identify steps the posts will take to mitigate vulnerabilities. However, State had an exception on file for
only one of the 38 residences that did not meet all applicable standards. As a result, State lacks key information that could provide it with a clearer picture of security vulnerabilities at residences and enable it to make better risk-management decisions.

State manages risks to schools and other soft targets overseas in several ways, but its efforts may be constrained by limited awareness of relevant guidance and tools. In fiscal years 2010 through 2015, State awarded almost 400 grants in total for security upgrades at schools and other soft targets. While federal internal control standards call for timely communication of relevant information to staff responsible for program objectives, officials at most of the posts GAO visited were unaware of some guidance and tools for securing schools and other soft targets. As a result, State may not be fully leveraging existing programs and resources for addressing security needs at these facilities.

GAO recommends that State, among other things, institute procedures to ensure residential security surveys are completed as required, clarify its standards and security-related guidance for residences, develop procedures to ensure residences either meet standards or have exceptions on file, and take steps to ensure posts are aware of existing guidance and tools regarding the security of schools and other soft targets. State concurred with all of GAO’s recommendations.

**U.S. Army Audit Agency**
The USAAA completed no audits related to Afghanistan reconstruction this quarter.

**U.S. Agency for International Development Office of Inspector General**
This quarter, USAID OIG issued no audits related to reconstruction activities.
OTHER AGENCY OVERSIGHT

ONGOING OVERSIGHT ACTIVITIES

As of September 30, 2015, the participating agencies reported nine ongoing oversight activities related to reconstruction in Afghanistan. The activities reported are listed in Table 4.2 and described in the following sections by agency.

**TABLE 4.2**

**ONGOING OVERSIGHT ACTIVITIES OF OTHER U.S. AGENCIES, AS OF SEPTEMBER 30, 2015**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Project Number</th>
<th>Date Initiated</th>
<th>Project Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOD IG</td>
<td>D2015-D000JB-0239.000</td>
<td>8/14/2015</td>
<td>Audit of Contract Oversight in Afghanistan</td>
</tr>
<tr>
<td>DOD IG</td>
<td>D2015-D000JB-0174.000</td>
<td>4/20/2015</td>
<td>Audit of Controls over Afghanistan Ministry of Interior Fuels Contracts</td>
</tr>
<tr>
<td>DOD IG</td>
<td>D2013-D005PO-0181.000</td>
<td>6/13/2013</td>
<td>Assessment of U.S. Government Efforts to Transition Security Cooperation and Assistance Activities Supporting the Government of the Islamic Republic of Afghanistan from Department of Defense Authority to Department of State Authority.</td>
</tr>
<tr>
<td>State OIG</td>
<td>15AUD0063</td>
<td>4/29/2015</td>
<td>Audit of the Embassy Kabul Operations and Maintenance Contract</td>
</tr>
<tr>
<td>GAO</td>
<td>291279</td>
<td>5/6/2015</td>
<td>Effectiveness of Hyperbaric Oxygen Therapy to Treat Traumatic Brain Injuries (TBI) and Post-Traumatic Stress Disorder (PTSD)</td>
</tr>
<tr>
<td>GAO</td>
<td>321059</td>
<td>2/5/2015</td>
<td>Afghan Special Immigrant Visa Program</td>
</tr>
<tr>
<td>GAO</td>
<td>351991</td>
<td>11/21/2014</td>
<td>Military Construction in a Contingency Environment</td>
</tr>
<tr>
<td>USAID OIG</td>
<td>FF100315</td>
<td>3/31/2015</td>
<td>Audit of USAID/Afghanistan’s Assistance in Building Afghanistan by Developing Enterprises Program</td>
</tr>
<tr>
<td>USAID OIG</td>
<td>FF101014</td>
<td>8/26/2014</td>
<td>Audit of USAID/Afghanistan’s Strategy for Monitoring and Evaluating Its Programs Throughout Afghanistan</td>
</tr>
</tbody>
</table>

Source: DOD IG, response to SIGAR data call, 9/18/2015; State OIG, response to SIGAR data call, 9/21/2015; GAO, response to SIGAR data call, 9/18/2015; USAAA, response to SIGAR data call 9/14/2015; USAID OIG, response to SIGAR data call, 9/10/2015.

**U.S. Department of Defense Office of Inspector General**

DOD continues to face many challenges in executing its Overseas Contingency Operations (OCO). DOD IG has identified priorities based on those challenges and high risks. For FY 2016, DOD IG will continue focus on the areas of oversight of acquisition and contracting processes that support training, equipping, and sustaining Afghanistan’s security forces. DOD IG will also continue to review and assess the Department’s efforts to train and equip Afghan National Defense and Security Forces as well as matters related to transitions from DoD to Department of State. DoD IG will also review various intelligence related matters to OCO operations.

The DOD IG-led Southwest Asia Joint Planning Group assists in coordinating and deconflicting federal and DOD OCO-related oversight activities. DOD IG, working with the SIGAR as well as fellow Inspectors General and Defense oversight-community members, have developed and plan to issue the FY 2016 Comprehensive Oversight Plan for Overseas Contingency Operations, October 2015.
Audit of Contract Oversight in Afghanistan
(Project No. D2015-D000JB-0239.000, Initiated August 14, 2015)
DOD OIG is determining whether contracting officer’s representatives were properly appointed and trained, and were able to effectively perform their oversight responsibilities for contracts in Afghanistan.

Audit of Controls over Afghanistan Ministry of Interior Fuels Contracts
(Project No. D2015-D000JB-0174.000, Initiated April 20, 2015)
DOD IG is continuing its series of audits related to Afghanistan contract oversight. In this specific audit, DOD IG will determine whether CSTC-A and the MOI have established effective controls for oversight of MOI fuel contracts.

Assessment of U.S. Government Efforts to Transition Security Cooperation and Assistance Activities Supporting the Government of the Islamic Republic of Afghanistan from Department of Defense Authority to Department of State Authority
(Project No. 2013-D00SP0-0181.000, Initiated June 13, 2013)
DOD IG is assessing plans and activities that have been accomplished or implemented thus far to transfer the security-cooperation and -assistance activities in Afghanistan from DOD to State Department authority, and to make recommendations to facilitate or improve the transition of these functions to the State Department in accordance with existing security-cooperation guidance and security-assistance regulations that may pertain. Specific objectives are to determine whether:
• U.S. government goals, objectives, plans, and guidance are sufficient, issued, and operative for the transition of CSTC-A security assistance activities in Afghanistan from DOD authority to a security-cooperation organization under Department of State authority
• ongoing efforts by U.S. forces to provide security assistance to GIROA are adversely impacted by the implementation of drawdown plans for U.S. Forces-Afghanistan (USFOR-A) and the transition of International Security Assistance Force (ISAF) and ISAF Joint Command (IJC) to a command organization under NATO authority

U.S. Department of State Office of Inspector General-Middle East Regional Operations
State OIG has one ongoing project this quarter related to Afghanistan reconstruction.
Audit of the Embassy Kabul Operations and Maintenance Contract
(Project No. 15AUD063, Initiated April 29, 2015)

Pacific Architects and Engineers Government Services Inc. (PAE) operates and maintains the utility systems for the U.S. embassy compound and Camp Sullivan in Kabul, Afghanistan. (Camp Sullivan is located by Kabul International Airport and provides the living quarters for the embassy’s security force.) PAE provides support services 24 hours a day, 365 days a year, for electrical generation and distribution; heating and ventilation; water-supply purification and distribution; fire protection; sewage and wastewater treatment; elevator maintenance; and fuel storage and distribution for generators and vehicles. PAE also provides unscheduled services to embassy offices and living quarters and escort services for subcontractors and other individuals without security clearances who work at secure sites on the embassy compound.

This audit will be the first in a series of audits on the PAE operations and maintenance contract. An audit of the PAE operations and maintenance contract will address risk areas related to Department management and oversight of contractor performance, an area identified by OIG as a management and performance challenge. (See: Fiscal Year 2014 Agency Financial Report, United States Department of State; pp. 118 – 120; 11/2014) The first audit will focus on risk areas in the fuel-storage and distribution system and possibly offer the opportunity for monetary benefits. Future audits will focus on other services provided by PAE.

Audit of Department of State Selection, Positioning, Training, and Oversight Responsibilities of Grants Officer Representatives
(Project No. 14AUD034, Initiated February 11, 2014)

Objective: To determine the extent to which the Department’s grant officer representatives are selected, positioned, and trained to successfully perform their assigned grants-administration and oversight responsibilities.

Government Accountability Office

GAO has three ongoing projects this quarter related to Afghanistan reconstruction.

Effectiveness of Hyperbaric Oxygen Therapy to Treat Traumatic Brain Injuries (TBI) And Post-Traumatic Stress Disorder (PTSD)
(Project No. 291279, Initiated May 6, 2015)

Traumatic brain injuries (TBI) and post-traumatic stress disorder (PTSD) are the signature wounds suffered in the conflicts in Iraq and Afghanistan.

Question: (1) What has published research concluded about the
effectiveness of hyperbaric oxygen therapy in the treatment of traumatic brain injury and post-traumatic stress disorder?

**Afghan Special Immigrant Visa Program**
*(Project No. 321059, Initiated February 5, 2015)*
The Afghanistan Special Immigrant Visa (SIV) program provides visas to Afghan nationals and their families who are under threat because of their work for State and USAID, or other U.S. agencies. A high rate of applications for the Afghan SIV program, coupled with short tours by State and USAID U.S. personnel in Afghanistan, could diminish the U.S. government’s institutional knowledge, local relationships, and cultural understanding in that country. Key Questions: (1) How has State and USAID’s workforce in Afghanistan been affected by the departure of SIV recipients? (2) To what extent, if any, have State and USAID developed plans to mitigate the departure of Afghan SIV recipients? (3) What actions, if any, have State and USAID taken to mitigate the departure of Afghan SIV recipients?

**Military Construction in a Contingency Environment**
*(Project No. 351991, Initiated November 21, 2014)*
The audit will examine: (1) the processes DOD officials used to make decisions about military construction in Iraq and Afghanistan, to include procedures for determining whether a structure should be permanent or temporary; (2) the costs associated with decisions made about military construction in Iraq and Afghanistan, to include the sources of funding; (3) any lessons the Department has learned about military construction during contingency operations based on the experiences of Iraq and Afghanistan; and (4) any other issues related to military construction in a contingency environment that may come to light during the course of the audit.

**U.S. Army Audit Agency**
This quarter the USAAA has no ongoing audits related to Afghanistan reconstruction.

**U.S. Agency for International Development Office of Inspector General**
This quarter USAID OIG has two ongoing audits related to reconstruction initiatives.
Audit of USAID/Afghanistan’s Assistance in Building Afghanistan by Developing Enterprises Program
(Project No. FF100315, Initiated March 31, 2015)
Audit Objective:
• Is USAID/Afghanistan’s Assistance in Building Afghanistan by Developing Enterprises Program increasing private-sector investment, creating new jobs, and improving the business environment as planned?

Audit of USAID/Afghanistan’s Strategy for Monitoring and Evaluating Its Programs Throughout Afghanistan
(Project No. FF101014, Initiated August 26, 2014)
Audit Objective:
• Does USAID/Afghanistan’s monitoring and evaluation strategy provide effective coverage over USAID’s program activities in Afghanistan?
APPENDICES AND ENDNOTES CONTENTS

Appendix A

Appendix B

Appendix C

Appendix D

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, Pub. L. No. 110-181, § 1229 (Table A.1), and to the semiannual reporting requirements prescribed for inspectors general more generally under the Inspector General Act of 1978, as amended (5 U.S.C. App. 3) (Table A.2).

<table>
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<th>TABLE A.1</th>
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<tr>
<td>CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229</td>
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<thead>
<tr>
<th>Purpose</th>
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<th>Report Section</th>
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<tbody>
<tr>
<td>Section 1229(a)(3)</td>
<td>To provide for an independent and objective 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 operations and the necessity for and progress on corrective action.</td>
<td>Ongoing; quarterly report</td>
<td>Full report</td>
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<thead>
<tr>
<th>Supervision</th>
<th>SIGAR Enabling Language</th>
<th>SIGAR Action</th>
<th>Report Section</th>
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<tbody>
<tr>
<td>Section 1229(e)(1)</td>
<td>The Inspector General shall report directly to, and be under the general supervision of, the Secretary of State and the Secretary of Defense.</td>
<td>Report to the Secretary of State and the Secretary of Defense</td>
<td>Full report</td>
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<tr>
<th>Duties</th>
<th>SIGAR Enabling Language</th>
<th>SIGAR Action</th>
<th>Report Section</th>
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<tr>
<td>Section 1229(f)(1)</td>
<td>OVERSIGHT OF AFGHANISTAN RECONSTRUCTION – It shall be the duty of the Inspector General to conduct, supervise, and coordinate audits and investigations of the treatment, handling, and expenditure of amounts appropriated or otherwise made available for the reconstruction of Afghanistan, and of the programs, operations, and contracts carried out utilizing such funds, including subsections (A) through (G) below.</td>
<td>Review obligations and expenditures of appropriated/available funds</td>
<td>Full report</td>
</tr>
<tr>
<td>Section 1229(f)(1)(A)</td>
<td>The oversight and accounting of the obligation and expenditure of such funds</td>
<td>Review obligations and expenditures of appropriated/available funds</td>
<td>SIGAR Oversight Funding</td>
</tr>
<tr>
<td>Section 1229(f)(1)(B)</td>
<td>The monitoring and review of reconstruction activities funded by such funds</td>
<td>Review reconstruction activities funded by appropriations and donations</td>
<td>SIGAR Oversight</td>
</tr>
<tr>
<td>Section 1229(f)(1)(C)</td>
<td>The monitoring and review of contracts funded by such funds</td>
<td>Review contracts using appropriated and available funds</td>
<td>Note 1</td>
</tr>
<tr>
<td>Section 1229(f)(1)(D)</td>
<td>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.</td>
<td>Review internal and external transfers of appropriated/available funds</td>
<td>Appendix B</td>
</tr>
<tr>
<td>Section 1229(f)(1)(E)</td>
<td>The maintenance of records on the use of such funds to facilitate future audits and investigations of the use of such fund[s]</td>
<td>Maintain audit records</td>
<td>SIGAR Oversight Appendix C Appendix D</td>
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Continued on the next page
### CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229

<table>
<thead>
<tr>
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<th>SIGAR Enabling Language</th>
<th>SIGAR Action</th>
<th>Report Section</th>
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<tbody>
<tr>
<td>Section 1229(f)(1)(F)</td>
<td>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</td>
<td>Monitoring and review as described</td>
<td>Audits</td>
</tr>
<tr>
<td>Section 1229(f)(1)(G)</td>
<td>The investigation of overpayments such as duplicate payments or duplicate billing 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 to ensure further investigations, prosecutions, recovery of further funds, or other remedies</td>
<td>Conduct and reporting of investigations as described</td>
<td>Investigations</td>
</tr>
<tr>
<td>Section 1229(f)(2)</td>
<td>OTHER DUTIES RELATED TO OVERSIGHT — The Inspector General shall establish, maintain, and oversee such systems, procedures, and controls as the Inspector General considers appropriate to discharge the duties under paragraph (1).</td>
<td>Establish, maintain, and oversee systems, procedures, and controls</td>
<td>Full report</td>
</tr>
<tr>
<td>Section 1229(f)(3)</td>
<td>DUTIES AND RESPONSIBILITIES UNDER INSPECTOR GENERAL ACT OF 1978 — In addition, ... the Inspector General shall also have the duties and responsibilities of inspectors general under the Inspector General Act of 1978.</td>
<td>Duties as specified in Inspector General Act</td>
<td>Full report</td>
</tr>
<tr>
<td>Section 1229(f)(4)</td>
<td>COORDINATION OF EFFORTS — The Inspector General shall coordinate with, and receive the cooperation of, each of the following: (A) the Inspector General of the Department of Defense, (B) the Inspector General of the Department of State, and (C) the Inspector General of the United States Agency for International Development.</td>
<td>Coordination with the inspectors general of DOD, DOS, and USAID</td>
<td>Other Agency Oversight</td>
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#### Federal Support and Other Resources

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<th>SIGAR Enabling Language</th>
<th>SIGAR Action</th>
<th>Report Section</th>
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<tr>
<td>Section 1229(h)(5)(A)</td>
<td>ASSISTANCE FROM FEDERAL AGENCIES — Upon request of the Inspector General for information or assistance from any department, agency, or other entity of the Federal Government, the head of such entity shall, insofar as is practicable and not in contravention of any existing law, furnish such information or assistance to the Inspector General, or an authorized designee.</td>
<td>Expect support as requested</td>
<td>Full report</td>
</tr>
<tr>
<td>Section 1229(h)(5)(B)</td>
<td>REPORTING OF REFUSED ASSISTANCE — Whenever information or assistance requested by the Inspector General is, in the judgment of the Inspector General, unreasonably refused or not provided, the Inspector General shall report the circumstances to the Secretary of State or the Secretary of Defense, as appropriate, and to the appropriate congressional committees without delay.</td>
<td>None reported</td>
<td>N/A</td>
</tr>
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### TABLE A.1 (CONTINUED)

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<th>SIGAR Action</th>
<th>Report Section</th>
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<tr>
<td>Section 1229(i)(1)</td>
<td>QUARTERLY REPORTS — Not later than 30 days after the end of each fiscal-year quarter, the Inspector General shall submit to the appropriate committees of Congress a report summarizing, for the period of that quarter and, to the extent possible, the period from the end of such quarter to the time of the submission of the report, the activities during such period of the Inspector General and the activities under programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. Each report shall include, for the period covered by such report, a detailed statement of all obligations, expenditures, and revenues associated with reconstruction and rehabilitation activities in Afghanistan, including the following –</td>
<td>Report – 30 days after the end of each calendar quarter</td>
<td>Full report Appendix B</td>
</tr>
<tr>
<td>Section 1229(i)(1)(A)</td>
<td>Obligations and expenditures of appropriated/donated funds</td>
<td>Obligations and expenditures of appropriated/donated funds</td>
<td>Appendix B</td>
</tr>
<tr>
<td>Section 1229(i)(1)(B)</td>
<td>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</td>
<td>Project-by-project and program-by-program accounting of costs. List unexpended funds for each project or program</td>
<td>Funding Note 1</td>
</tr>
<tr>
<td>Section 1229(i)(1)(C)</td>
<td>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</td>
<td>Revenues, obligations, and expenditures of donor funds</td>
<td>Funding</td>
</tr>
<tr>
<td>Section 1229(i)(1)(D)</td>
<td>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</td>
<td>Revenues, obligations, and expenditures of funds from seized or frozen assets</td>
<td>Funding</td>
</tr>
<tr>
<td>Section 1229(i)(1)(E)</td>
<td>Operating expenses of agencies or entities receiving amounts appropriated or otherwise made available for the reconstruction of Afghanistan</td>
<td>Operating expenses of agencies or any organization receiving appropriated funds</td>
<td>Funding Appendix B</td>
</tr>
<tr>
<td>Section 1229(i)(1)(F)</td>
<td>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</td>
<td>Describe contract details</td>
<td>Note 1</td>
</tr>
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*Continued on the next page*
### CROSS-REFERENCE TO SIGAR QUARTERLY REPORTING REQUIREMENTS UNDER PUB. L. NO. 110-181, § 1229

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<tr>
<th>Public Law Section</th>
<th>SIGAR Enabling Language</th>
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<tbody>
<tr>
<td>Section 1229(i)(3)</td>
<td>PUBLIC AVAILABILITY — The Inspector General shall publish on a publicly 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.</td>
<td>Publish report as directed at <a href="http://www.sigar.mil">www.sigar.mil</a> Dari and Pashtu translation in process</td>
<td>Full report</td>
</tr>
<tr>
<td>Section 1229(i)(4)</td>
<td>FORM — Each report required under this subsection shall be submitted in unclassified form, but may include a classified annex if the Inspector General considers it necessary.</td>
<td>Publish report as directed</td>
<td>Full report</td>
</tr>
<tr>
<td>Section 1229(j)(1)</td>
<td>Inspector General shall also submit each report required under subsection (i) to the Secretary of State and the Secretary of Defense.</td>
<td>Submit quarterly report</td>
<td>Full report</td>
</tr>
</tbody>
</table>

Note 1: Although this data is normally made available on SIGAR’s website (www.sigar.mil), the data SIGAR has received is in relatively raw form and is currently being reviewed, analyzed, and organized for future SIGAR use and publication.

Note 2: Covered “contracts, grants, agreements, and funding mechanisms” are defined in paragraph (2) of Section 1229(i) of Pub. L. No. 110-181 as being—

- any major contract, grant, agreement, or other funding mechanism that is entered into by any department or agency of the United States Government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan with any public or private sector entity for any of the following purposes:
  - To build or rebuild physical infrastructure of Afghanistan.
  - To establish or reestablish a political or societal institution of Afghanistan.
  - To provide products or services to the people of Afghanistan.
## CROSS-REFERENCE TO SEMIANNUAL REPORTING REQUIREMENTS UNDER SECTION 5 OF THE IG ACT OF 1978, AS AMENDED (5 U.S.C. APP. 3) (“IG ACT”)

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<tr>
<th>IG Act Section</th>
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<th>SIGAR Action</th>
<th>Section</th>
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<tbody>
<tr>
<td>Section 5(a)(1)</td>
<td>Description of significant problems, abuses, and deficiencies</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>Other Agency Oversight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>List problems, abuses, and deficiencies from SIGAR audit reports, investigations, and inspections</td>
<td>See Letters of Inquiry at <a href="http://www.sigar.mil">www.sigar.mil</a></td>
</tr>
<tr>
<td>Section 5(a)(2)</td>
<td>Description of recommendations for corrective action...with respect to significant problems, abuses, or deficiencies</td>
<td>Extract pertinent information from SWA/JPG member l reports</td>
<td>Other Agency Oversight</td>
</tr>
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<td></td>
<td></td>
<td>List recommendations from SIGAR audit reports</td>
<td>See Letters of Inquiry at <a href="http://www.sigar.mil">www.sigar.mil</a></td>
</tr>
<tr>
<td>Section 5(a)(3)</td>
<td>Identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed</td>
<td>List all instances of incomplete corrective action from previous semiannual reports</td>
<td>In process</td>
</tr>
<tr>
<td>Section 5(a)(4)</td>
<td>A summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>Other Agency Oversight</td>
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<tr>
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<td>List SIGAR Investigations that have been referred</td>
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<tr>
<td>Section 5(a)(5)</td>
<td>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)</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>Other Agency Oversight</td>
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<td>List instances in which information was refused SIGAR auditors, investigators, or inspectors</td>
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<tr>
<td>Section 5(a)(6)</td>
<td>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</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>Other Agency Oversight</td>
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<td></td>
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<td>List SIGAR reports</td>
<td></td>
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<tr>
<td>Section 5(a)(7)</td>
<td>A summary of each particularly significant report</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>Other Agency Oversight</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provide a synopsis of the significant SIGAR reports</td>
<td>A full list of significant reports can be found at <a href="http://www.sigar.mil">www.sigar.mil</a></td>
</tr>
<tr>
<td>Section 5(a)(8)</td>
<td>Statistical tables showing the total number of audit reports and the total dollar value of questioned costs</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>See reports of SWA/JPG members</td>
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<tr>
<td></td>
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<td>Develop statistical tables showing dollar value of questioned cost from SIGAR reports</td>
<td>In process</td>
</tr>
<tr>
<td>Section 5(a)(9)</td>
<td>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</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>See reports of SWA/JPG members</td>
</tr>
<tr>
<td></td>
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<td>Develop statistical tables showing dollar value of funds put to better use by management from SIGAR reports</td>
<td>In process</td>
</tr>
<tr>
<td>Section 5(a)(10)</td>
<td>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</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>See reports of SWA/JPG members</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Provide a synopsis of SIGAR audit reports in which recommendations by SIGAR are still open</td>
<td>None</td>
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</table>
### CROSS-REFERENCE TO SEMIANNUAL REPORTING REQUIREMENTS UNDER SECTION 5 OF THE IG ACT OF 1978, AS AMENDED (5 U.S.C. APP. 3) (“IG ACT”)

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<thead>
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<tr>
<td>Section 5(a)(11)</td>
<td>A description and explanation of the reasons for any significant revised management decision</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>See reports of SWA/JPG members</td>
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<td></td>
<td></td>
<td>Explain SIGAR audit reports in which significant revisions have been made to management decisions</td>
<td>None</td>
</tr>
<tr>
<td>Section 5(a)(12)</td>
<td>Information concerning any significant management decision with which the Inspector General is in disagreement</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>See reports of SWA/JPG members</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Explain SIGAR audit reports in which SIGAR disagreed with management decision</td>
<td>No disputed decisions during the reporting period</td>
</tr>
<tr>
<td>Section 5(a)(13)</td>
<td>Information described under [Section 804(b)] 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)</td>
<td>Extract pertinent information from SWA/JPG member reports</td>
<td>See reports of SWA/JPG members</td>
</tr>
<tr>
<td></td>
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<td>Provide information where management has not met targets from a remediation plan</td>
<td>No disputed decisions during the reporting period</td>
</tr>
<tr>
<td>Section 5(a)(14)(A)</td>
<td>An Appendix containing the results of any peer review conducted by another Office of Inspector General during the reporting period; or</td>
<td>SIGAR has posted in full the results of, and reports from, SIGAR's most recent peer reviews (completed during July 2010, prior to the current reporting period), on its website</td>
<td>Posted in full at <a href="http://www.sigar.mil">www.sigar.mil</a></td>
</tr>
<tr>
<td>Section 5(a)(14)(B)</td>
<td>If no peer review was conducted within that reporting period, a statement identifying the date of the last peer review conducted by another Office of Inspector General</td>
<td>7/15/2010</td>
<td>Posted in full at <a href="http://www.sigar.mil">www.sigar.mil</a></td>
</tr>
<tr>
<td>Section 5(a)(15)</td>
<td>A list of any outstanding recommendations from any peer review conducted by another Office of Inspector General that have not been fully implemented, including a statement describing the status of the implementation and why implementation is not complete</td>
<td>None – all peer review recommendations effectively addressed, and remedial measures implemented, by 9/30/2015</td>
<td>Recommendations and related materials posted in full at <a href="http://www.sigar.mil">www.sigar.mil</a></td>
</tr>
<tr>
<td>Section 5(a)(16)</td>
<td>Any peer reviews conducted by SIGAR of another IG Office during the reporting period, including a list of any outstanding recommendations made from any previous peer review . . . that remain outstanding or have not been fully implemented</td>
<td>Not applicable (SIGAR did not conduct, or participate in the conduct, of a peer review of another Office of Inspector General during the reporting period)</td>
<td>SIGAR Oversight</td>
</tr>
</tbody>
</table>
APPENDICES

APPENDIX B

U.S. FUNDS FOR AFGHANISTAN RECONSTRUCTION ($ MILLIONS)

Table B.1 lists funds appropriated for Afghanistan reconstruction by program, per year, as of September 30, 2015. Table B.2 lists fund appropriated for counternarcotics initiatives since 2002.

Table B.2 Note: Numbers have been rounded. Counternarcotics funds cross-cut both the Security and Governance & Development spending categories; these funds are also captured in those categories in Table B.1. Figures represent cumulative amounts committed from appropriated funds for counternarcotics initiatives in Afghanistan since 2002. Initiatives include eradication, interdiction, support to Afghanistan’s Special Mission Wing, counternarcotics-related capacity building, and alternative agricultural development efforts. ASFF, ESF, and INCLE figures show the cumulative amounts committed to counternarcotics initiatives from those funds.

Table B.2 Source: SIGAR analysis of counternarcotics funding, 10/19/2015; State, response to SIGAR data call, 10/13/2015; DOD, response to SIGAR data call, 10/8/2015 and 10/15/2014; USAID, response to SIGAR data call, 10/13/2015; DOJ, response to SIGAR data call, 9/24/2015; DOD, Budget Justification for FY 2016 OCO ASFF, 2/2015, p. 14.

Table B.1 Note: Numbers have been rounded. DOD reprogrammed $1 billion from FY 2011 ASFF. DOD reprogrammed $1 million from FY 2012 ASFF. Pub. L. No. 113-235 rescinded $764.38 million from FY 2014 ASFF. DOD transferred $101 million from FY 2011 AIF, $179.5 million from FY 2013 AIF, and $55 million from FY 2014 AIF to the ESF to fund infrastructure projects implemented by USAID.


Table B.2 Source: SIGAR analysis of counternarcotics funding, 10/19/2015; State, response to SIGAR data call, 10/13/2015; DOD, response to SIGAR data call, 10/8/2015 and 10/15/2014; USAID, response to SIGAR data call, 10/13/2015; DOJ, response to SIGAR data call, 9/24/2015; DOD, Budget Justification for FY 2016 OCO ASFF, 2/2015, p. 14.
## APPENDICES

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<td>995.00</td>
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### u.s. Funding Sources Agency 2002–03

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APPENDIX C

SIGAR WRITTEN PRODUCTS

SIGAR AUDITS

Alert Letters
SIGAR's Audits and Inspections Directorate issued three alert letters this reporting period.

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<thead>
<tr>
<th>Letter Identifier</th>
<th>Letter Title</th>
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<tbody>
<tr>
<td>SIGAR Alert Letter 15-86-AL</td>
<td>ANDSF Cold-Weather Gear</td>
<td>9/2015</td>
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<tr>
<td>SIGAR Alert Letter 15-79-AL</td>
<td>Camp Brown Command and Control Facility (Unclassified)</td>
<td>8/2015</td>
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<tr>
<td>SIGAR Alert Letter 15-79-ALc</td>
<td>Camp Brown Command and Control Facility (Classified)</td>
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Completed Performance Audits
SIGAR completed two performance audits during this reporting period.

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<thead>
<tr>
<th>Report Identifier</th>
<th>Report Title</th>
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<tbody>
<tr>
<td>SIGAR Audit 16-3-AR</td>
<td>Afghan Local Police: A Critical Rural Security Initiative Lacks Adequate Logistics Support, Oversight, and Direction</td>
<td>10/2015</td>
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New Performance Audits
SIGAR initiated two performance audits during this reporting period.

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<thead>
<tr>
<th>Project Identifier</th>
<th>Project Title</th>
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<tbody>
<tr>
<td>SIGAR 111A</td>
<td>Award, Administration, and Performance of Legacy Research Contracts</td>
<td>8/2015</td>
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<tr>
<td>SIGAR 110A</td>
<td>Effectiveness of the Commander's Emergency Response Program in Afghanistan</td>
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Ongoing Performance Audits
SIGAR had 14 audits in progress during this reporting period.

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<td>SIGAR 109A</td>
<td>U.S. Salary Supplements for Afghan Government Employees and Technical Advisors</td>
<td>5/2015</td>
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Continued on the next page
ONGOING SIGAR PERFORMANCE AUDITS AS OF OCTOBER 30, 2015

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<tr>
<td>SIGAR 108A</td>
<td>USAID’s Efforts to Support Land Reform in Afghanistan</td>
<td>5/2015</td>
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<td>SIGAR 107A</td>
<td>U.S. Efforts to Sustain Afghanistan’s Road Infrastructure</td>
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<td>SIGAR 106A</td>
<td>Accountability for ANSF Organizational Clothing and Individual Equipment</td>
<td>12/2014</td>
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<td>SIGAR 105A</td>
<td>USAID’s Efforts to Support and Improve Afghanistan’s Health Sector</td>
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<td>SIGAR 104A</td>
<td>U.S. Efforts to Assist and Improve Afghanistan’s Primary and Secondary Education Systems</td>
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<td>SIGAR 103A</td>
<td>USAID Measuring Impacts of Stabilization Initiatives Program</td>
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<td>SIGAR 102A</td>
<td>Afghanistan Infrastructure Fund Follow-Up</td>
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<td>SIGAR 101A</td>
<td>Afghanistan Technical Equipment Maintenance Program (A-TEMP) for ANA Vehicle Maintenance and Capacity Building</td>
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<td>SIGAR 100A</td>
<td>DOD Oversight of Infrastructure Projects Transferred to the Afghan Government</td>
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<td>SIGAR 097A (part II)</td>
<td>U.S. Efforts to Develop Afghanistan’s Extractives Industry</td>
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<td>SIGAR 096A (part II)</td>
<td>U.S. Efforts to Assist Afghan Refugees and Internally Displaced Persons</td>
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<td>SIGAR 090A</td>
<td>Audit of ANA National Engineer Brigade’s Engineering Equipment</td>
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<td>U.S. Government Efforts to Assist in Reconstruction and Commercialization of Afghanistan’s Information and Communication Technology Sector</td>
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Completed Financial Audits
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<tr>
<td>SIGAR Financial Audit 16-4-FA</td>
<td>Department of State’s Promotion and Protection of Afghan Women’s Rights in Afghanistan Program: Audit of Costs Incurred by Women for Afghan Women</td>
<td>10/2015</td>
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<td>SIGAR Financial Audit 15-89-FA</td>
<td>USAID’s Sub-National Governance Structures Program in Regional Commands East and South: Audit of Costs Incurred by the Consortium for Elections and Political Process Strengthening</td>
<td>9/2015</td>
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<td>SIGAR Financial Audit 15-88-FA</td>
<td>USAID’s Land Reform in Afghanistan Program: Audit of Costs Incurred by Tetra Tech ARD</td>
<td>9/2015</td>
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<td>SIGAR Financial Audit 15-87-FA</td>
<td>USAID’s Afghan Civilian Assistance Program II: Audit of Costs Incurred by International Relief and Development Inc.</td>
<td>9/2015</td>
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<td>SIGAR Financial Audit 15-81-FA</td>
<td>Department of the Army’s Afghan National Army Depot Project: Audit of Costs Incurred by Raytheon Company</td>
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New Financial Audits
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<tr>
<td>F-084</td>
<td>USAID Contract with Black &amp; Veatch Special Projects Corporation for the Kandahar-Helmend Power Program</td>
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<td>F-083</td>
<td>USAID Contract with Democracy International for Electoral Reform and Civic Advocacy (AERCA) Program</td>
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<td>F-082</td>
<td>USAID Contract with Counterpart International for the Promoting Afghan Civic Education (PACE) Program</td>
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Ongoing Financial Audits
SIGAR had 20 financial audits in progress during this reporting period.

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<th>Date Initiated</th>
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<tr>
<td>F-081 State Grants with The Halo Trust for Mine Clearance and Survey in Afghanistan</td>
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<td>F-080 DOD Contract with PRI DJI, A Construction JV for construction of District HQ Uniform Police Station, Marjah</td>
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<td>F-079 DOD Contract with PRI DJI, A Construction JV for construction of 4th Special Forces Kandak, Shindand</td>
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<td>F-078 DOD Contract with AMEC Earth &amp; Environmental Inc. for construction of Afghan Defense University, Qarghah</td>
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<td>F-076 DOD Contract with Gilbane Federal for construction of 1st Commando Brigade HQ &amp; Transient Kandak, Gardez</td>
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<td>F-074 DOD Contract with Environmental Chemical Corp. for construction of 2nd Special Forces Kandak, Kandahar</td>
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<td>F-073 DOD Contract with Mission Essential Personnel LLC for translation/linguist support services</td>
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<td>F-072 USAID Contract with Perini Management Services Inc. to implement the Irrigation and Watershed Management Program</td>
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<td>F-071 USAID Contract with University Research Company LLC for support to the Health Care Improvement Project</td>
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<td>F-070 USAID Cooperative Agreement with the American University of Afghanistan for Academic Program Development and Operating Support</td>
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<td>F-069 State Grants Contract with Mine Detection Dog Center for Community-Based Demining Project</td>
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<td>F-067 DOD TFBSO Contract with Zantech IT Services Inc. for Energy Support Services</td>
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<td>F-066 USDA Cooperative Agreement with the American Soybean Association for the Provision of Agricultural Commodities for Afghanistan through the Food for Progress Act</td>
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<td>F-061 DOD Contract with Dyncorp, International LLC for mentoring and training services in support of the ANSF</td>
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<td>F-049 USAID Contract with International Relief and Development Inc. (IRD) for Engineering, Quality Assurance and Logistical Support (EQUALS)</td>
<td>3/2014</td>
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<td>F-048 USAID Cooperative Agreement with Wildlife Conservation Society (WCS) for technical support to the Improving Livelihoods and Governance through Natural Resource Management Project (ILG-NRMP)</td>
<td>3/2014</td>
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<td>F-046 USAID Contract with AECOM International Development Inc. for technical support to Stabilization in Key Areas (SIKA)-South</td>
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SIGAR INSPECTIONS

Completed Inspection
SIGAR completed one inspection during this reporting period.

**COMPLETED SIGAR INSPECTION AS OF OCTOBER 30, 2015**

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<th>Report Identifier</th>
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<tr>
<td>SIGAR Inspection 15-78-IP</td>
<td>Power Grid at the Counter Narcotics Strip Mall in Kabul: Construction Met Contract Requirements but Electrical System Was Not Deemed Operable Until More Than 18 Months After Project Completion</td>
<td>8/2015</td>
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SIGAR SPECIAL PROJECTS

Completed Special Projects
SIGAR completed five Special Project products this reporting period.

**COMPLETED SIGAR SPECIAL PROJECTS AS OF OCTOBER 30, 2015**

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<td>FB50 CNG Filling Station</td>
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<td>Special Project 16-1-SP</td>
<td>USAID-Supported Health Facilities in Herat</td>
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<td>Special Project 15-85-SP</td>
<td>ANSF Procurements</td>
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<td>Special Project 15-82-SP</td>
<td>PCH Facilities Coordinates Response</td>
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<td>Special Project 15-80-SP</td>
<td>Tarakhil Power Plant</td>
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SIGAR LESSONS LEARNED PROJECTS

Ongoing Lessons Learned Projects
SIGAR has four ongoing Lessons Learned projects this reporting period.

**ONGOING SIGAR LESSONS LEARNED PROJECTS AS OF OCTOBER 30, 2015**

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<td>Counternarcotics in Afghanistan Reconstruction</td>
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</tr>
<tr>
<td>SIGAR-LL-03</td>
<td>Corruption in Afghanistan: Perceptions and Responses of the U.S. Government</td>
<td>12/2014</td>
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<tr>
<td>SIGAR-LL-02</td>
<td>U.S. Coordination with External Partners in Administering Aid</td>
<td>12/2014</td>
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<tr>
<td>SIGAR-LL-01</td>
<td>Interagency Coordination on Strategy and Planning</td>
<td>12/2014</td>
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New Lessons Learned Project
SIGAR initiated one Lessons Learned project this reporting period.

**NEW SIGAR LESSONS LEARNED PROJECT AS OF OCTOBER 30, 2015**

<table>
<thead>
<tr>
<th>Project Identifier</th>
<th>Project Title</th>
<th>Date Initiated</th>
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<tbody>
<tr>
<td>SIGAR-LL-05</td>
<td>Private Sector Development and Economic Growth</td>
<td>4/2015</td>
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</table>
APPENDIX D

SIGAR INVESTIGATIONS AND HOTLINE

SIGAR Investigations

This quarter, SIGAR opened 18 new investigations and closed 22, bringing the total number of open investigations to 310. Of the new investigations, most involved corruption, as shown in Figure D.1. Of the closed investigations, most were closed due to lack of investigative merit, as shown in Figure D.2.

FIGURE D.1

SIGAR INVESTIGATIONS: NEW INVESTIGATIONS, JULY 1-SEPTEMBER 30, 2015

Total: 18

Source: SIGAR Investigations Directorate, 10/8/2015.

FIGURE D.2

SIGAR INVESTIGATIONS: CLOSED INVESTIGATIONS, JULY 1-SEPTEMBER 30, 2015

Lack of Investigative Merit: 11
Administrative: 6
Unfounded Allegations: 3
Civil Judgment: 1
Criminal Conviction: 1

Total: 22

Source: SIGAR Investigations Directorate, 10/8/2015.
SIGAR Hotline

Of the 81 Hotline complaints received this quarter, most were received electronically, as shown in Figure D.3. In addition to working on new complaints, the Investigations Directorate continued its work this quarter on complaints received prior to July 1, 2015. This quarter, the directorate processed 131 complaints, most of which were closed, as shown in Figure D.4.

FIGURE D.4

STATUS OF SIGAR HOTLINE COMPLAINTS: JULY 1–SEPTEMBER 30, 2015

<table>
<thead>
<tr>
<th>Status</th>
<th>Number</th>
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</thead>
<tbody>
<tr>
<td>Under Review (Open)</td>
<td>32</td>
</tr>
<tr>
<td>Referred Out (Open)</td>
<td>8</td>
</tr>
<tr>
<td>Under Investigation (Open)</td>
<td>2</td>
</tr>
<tr>
<td>Closed Administratively</td>
<td>73</td>
</tr>
<tr>
<td>Referred Out (Closed)</td>
<td>9</td>
</tr>
<tr>
<td>Closed after Investigation</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>131</td>
</tr>
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</table>

Note: 81 complaints received during quarter; total includes status changes to complaints made in earlier periods.
Source: SIGAR Investigations Directorate, 10/13/2015.

SIGAR Suspensions and Debarments

Table D.1 is a comprehensive list of finalized suspensions, debarments, and special entity designations relating to SIGAR’s work in Afghanistan as of October 1, 2015. SIGAR lists its suspensions, debarments and special entity designations for historical purposes only. For the current status of any individual or entity listed herein as previously suspended, debarred or listed as a special entity designation, please consult the System for Award Management, www.sam.gov.

Entries appearing in both the suspension and debarment sections are based upon their placement in suspended status following criminal indictment or determination of non-responsibility by agency suspension and debarment official. Final debarment was imposed following criminal conviction in U.S. Federal District Court and/or final determination by agency suspension and debarment official regarding term of debarment.
## APPENDICES

### SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF SEPTEMBER 30, 2015

#### Special Entity Designations

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<thead>
<tr>
<th>Company</th>
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<tbody>
<tr>
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<td>United States California Logistics Company</td>
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<td>Yousef, Najeebullah</td>
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<td>Rahimi, Mohammad Edris</td>
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<td>Rahman, Obaidur</td>
<td>Wooten, Philip Steven</td>
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#### Suspensions

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<td>Al-Watan Construction Company</td>
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## TABLE D.1 (CONTINUED)

### SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARTMENTS AS OF SEPTEMBER 30, 2015 (CONTINUED)

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<td>Johnson, Keith</td>
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TABLE D.1 (CONTINUED)
# APPENDICES

## TABLE D.1 (CONTINUED)

**SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF SEPTEMBER 30, 2015 (CONTINUED)**

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<thead>
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## REPORT TO THE UNITED STATES CONGRESS | OCTOBER 30, 2015

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### SPECIAL ENTITY DESIGNATIONS, SUSPENSIONS, AND DEBARMENTS AS OF SEPTEMBER 30, 2015 (CONTINUED)

**Debarments (continued)**

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## APPENDIX E

### ABBREVIATIONS AND ACRONYMS

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<td>BELT</td>
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*Continued on the next page*
## APPENDICES

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<td>Good Performer's Initiative</td>
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<td>HA Yard</td>
<td>Humanitarian Aid Yard</td>
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<td>HMMWV</td>
<td>high-mobility, multipurpose wheeled vehicle</td>
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## APPENDICES

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<th>ACRONYM OR ABBREVIATION</th>
<th>DEFINITION</th>
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<tbody>
<tr>
<td>LARA</td>
<td>Land Reform in Afghanistan</td>
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<td>LLP</td>
<td>Lessons Learned Program</td>
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<td>LMG</td>
<td>Leadership, Management, and Governance Project</td>
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<tr>
<td>LOTFA</td>
<td>Law and Order Trust Fund for Afghanistan</td>
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<td>MAAR</td>
<td>Monthly ANDSF Assessment Report</td>
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<tr>
<td>MAIL</td>
<td>Ministry of Agriculture, Irrigation, and Livestock (Afghan)</td>
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<tr>
<td>MBCC</td>
<td>Muneeb Brothers Construction Company</td>
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<td>MCN</td>
<td>Ministry of Counter-Narcotics (Afghan)</td>
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<td>MCTF</td>
<td>Major Crimes Task Force</td>
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<td>MDHI</td>
<td>MD Helicopters Inc.</td>
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<td>MEC</td>
<td>Monitoring and Evaluation Committee (Afghan)</td>
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<td>MIDAS</td>
<td>Mining Investment and Development for Afghan Sustainability</td>
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<td>MISTI</td>
<td>Measuring Impacts of Stabilization Initiatives</td>
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<tr>
<td>MOD</td>
<td>Ministry of Defense (Afghan)</td>
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<td>MOE</td>
<td>Minister of Education (Afghan)</td>
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<td>MOF</td>
<td>Ministry of Finance (Afghan)</td>
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<td>MOI</td>
<td>Ministry of Interior (Afghan)</td>
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<td>MOI HQ &amp; IS</td>
<td>Ministry of Interior Headquarters and Institutional Support (Afghan)</td>
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<td>MOMP</td>
<td>Ministry of Mines and Petroleum (Afghan)</td>
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<td>MOPH</td>
<td>Ministry of Public Health (Afghan)</td>
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<td>MORE</td>
<td>Ministry of Women's Affairs Organizational Restructuring and Empowerment project</td>
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<td>MORR</td>
<td>Ministry of Refugees and Repatriation (Afghan)</td>
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<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>MOWA</td>
<td>Ministry of Women's Affairs</td>
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<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<td>NCO</td>
<td>noncommissioned officer</td>
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<tr>
<td>NDAA</td>
<td>National Defense Authorization Act</td>
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<td>NDAP</td>
<td>National Drug Action Plan</td>
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<td>NDP</td>
<td>New Development Partnership</td>
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<td>NDS</td>
<td>National Directorate of Security (Afghan)</td>
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<td>NEPS</td>
<td>Northeast Power System</td>
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<td>NEPS IV</td>
<td>Northern Electrical Power System Phase IV</td>
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<td>NGO</td>
<td>nongovernmental organization</td>
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<td>NIU</td>
<td>National Interdiction Unit</td>
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<td>NPC</td>
<td>National Procurement Commission (Afghan)</td>
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<td>NSOCC-A</td>
<td>NATO Special Operations Component Command-Afghanistan</td>
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<td>NSRWA</td>
<td>Non-Standard Rotary Wing Aircraft</td>
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<tr>
<td>O&amp;M</td>
<td>operations and maintenance</td>
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<tr>
<td>OCC-Rs</td>
<td>Operational Coordination Centers-Regional</td>
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<tr>
<td>OCIE</td>
<td>operational clothing and individual equipment</td>
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<tr>
<td>OCO</td>
<td>overseas contingency operations</td>
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<tr>
<td>ODA</td>
<td>office of development assistance</td>
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<tr>
<td>OIG</td>
<td>Office of the Inspector General</td>
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<th>ACRONYM OR ABBREVIATION</th>
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<tr>
<td>OPPD</td>
<td>Office of Program and Project Development (USAID)</td>
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<tr>
<td>OSD</td>
<td>Office of the Secretary of Defense (U.S.)</td>
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<tr>
<td>OSD-CN</td>
<td>Office of the Secretary of Defense-Counter-Narcotics (U.S.)</td>
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<td>OTA</td>
<td>Office of Technical Assistance (U.S. Treasury)</td>
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<tr>
<td>PAC</td>
<td>Promote High Level Advisory Committee</td>
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<tr>
<td>PACC</td>
<td>Parliamentary Anti-Corruption Caucus</td>
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<tr>
<td>PATTTA</td>
<td>Pakistan-Afghanistan-Tajikistan Transit Trade Agreement</td>
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<td>PCH</td>
<td>Partnership Contracts for Health</td>
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<td>PD</td>
<td>Presidential Decree</td>
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<tr>
<td>PM/WRA</td>
<td>Bureau of Political-Military Affairs-Office of Weapons Removal and Abatement (U.S.)</td>
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<td>PMP</td>
<td>performance-measurement plan</td>
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<tr>
<td>POAM</td>
<td>Plan of Action and Milestones</td>
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<tr>
<td>PPA</td>
<td>public-private alliance</td>
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<tr>
<td>Promote</td>
<td>Promoting Gender Equity in National Priority Programs (USAID)</td>
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<td>PTEC</td>
<td>Power Transmission Expansion and Connectivity</td>
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<td>PTSD</td>
<td>post-traumatic stress disorder</td>
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<td>RADP</td>
<td>Regional Agriculture Development Program</td>
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<td>RC</td>
<td>recurrent cost</td>
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<td>RCC</td>
<td>Regional Contracting Center</td>
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<tr>
<td>RECCA</td>
<td>Regional Economic Cooperation Conference on Afghanistan</td>
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<td>RNIFC</td>
<td>regional narcotics interagency fusion cell</td>
</tr>
<tr>
<td>RRCC</td>
<td>Road and Roof Construction Company</td>
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<tr>
<td>RS</td>
<td>Resolute Support</td>
</tr>
<tr>
<td>SAGAL</td>
<td>Strengthening Afghan Governance and Alternative Livelihoods</td>
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<tr>
<td>SEHAT</td>
<td>System Enhancement for Health Action in Transition</td>
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<td>SEPS</td>
<td>Southeast Power System</td>
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<td>SERC</td>
<td>Special Electoral Reform Commission (Afghan)</td>
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<td>SGDP</td>
<td>Sheberghan Gas Development Program</td>
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<td>SGGA</td>
<td>Sheberghan Gas Generation Activity</td>
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<td>SHCAC</td>
<td>Senior High-Level Committee on Anti-Corruption</td>
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<td>SIGAR</td>
<td>Special Inspector General for Afghanistan Reconstruction</td>
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<td>SIKA</td>
<td>Stability in Key Areas</td>
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<td>SMAF</td>
<td>Self-Reliance through Mutual Accountability Framework</td>
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<tr>
<td>SMP</td>
<td>Staff-Monitored Program</td>
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<td>SMW</td>
<td>Special Mission Wing (Afghan)</td>
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<td>SNG</td>
<td>Sub-National Governance Structures</td>
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<td>SNTV</td>
<td>single nontransferable vote</td>
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<td>SOM</td>
<td>Senior Officials Meeting</td>
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<tr>
<td>SPS</td>
<td>Strengthening Pharmaceutical Systems</td>
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<td>SRAP</td>
<td>Special Representative for Afghanistan and Pakistan (U.S.)</td>
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<tr>
<td>State OIG</td>
<td>Department of State Office of the Inspector General</td>
</tr>
<tr>
<td>Strip Mall</td>
<td>Counter Narcotics Strip Mall</td>
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<tr>
<td>TAC</td>
<td>Transparency Accountability Committee</td>
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<tr>
<th>ACRONYM OR ABBREVIATION</th>
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<tbody>
<tr>
<td>TAPI</td>
<td>Turkmenistan-Afghanistan-Pakistan-India pipeline project</td>
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<tr>
<td>TBI</td>
<td>traumatic brain injury</td>
</tr>
<tr>
<td>TFBSO</td>
<td>Task Force for Business and Stability Operations in Afghanistan</td>
</tr>
<tr>
<td>TMAF</td>
<td>Tokyo Mutual Accountability Framework</td>
</tr>
<tr>
<td>TMR</td>
<td>transportation movement request</td>
</tr>
<tr>
<td>TPAO</td>
<td>Turkish Petroleum Corporation</td>
</tr>
<tr>
<td>TUTAP</td>
<td>Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan transmission line</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNAMA</td>
<td>United Nations Assistance Mission in Afghanistan</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNHCR</td>
<td>UN High Commissioner for Refugees</td>
</tr>
<tr>
<td>UNODC</td>
<td>UN Office on Drugs and Crime</td>
</tr>
<tr>
<td>USAAA</td>
<td>U.S. Army Audit Agency</td>
</tr>
<tr>
<td>USACE</td>
<td>U.S. Army Corps of Engineers</td>
</tr>
<tr>
<td>USAID</td>
<td>U.S. Agency for International Development</td>
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<td>USAID OIG</td>
<td>USAID Office of the Inspector General</td>
</tr>
<tr>
<td>USDA</td>
<td>U.S. Department of Agriculture</td>
</tr>
<tr>
<td>USFOR-A</td>
<td>U.S. Forces-Afghanistan</td>
</tr>
<tr>
<td>USIP</td>
<td>U.S. Institute of Peace</td>
</tr>
<tr>
<td>USWDP</td>
<td>Afghanistan University Support and Workforce Development Program</td>
</tr>
<tr>
<td>UXO</td>
<td>unexploded ordnance</td>
</tr>
<tr>
<td>VSO</td>
<td>Village Stability Operations</td>
</tr>
<tr>
<td>WAW</td>
<td>Women for Afghan Women</td>
</tr>
<tr>
<td>WIG</td>
<td>Promote Women in Government</td>
</tr>
<tr>
<td>WLD</td>
<td>Promote Women’s Leadership Development</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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</tbody>
</table>
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239 NSOCC-A, response to SIGAR data call, 9/1/2015.
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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 to 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.


(For a list of the congressionally mandated contents of this report, see Section 3.)